Minutes of the Stated Meeting of the
Trustees of the University of Pennsylvania

June 16, 2000


I. Call to Order—Mr. James Riepe

A. Invocation—Reverend James Littrell

B. The minutes of the meeting of February 18, 2000 were approved as previously distributed.

II. Chairman’s Report—Mr. James S. Riepe

The Chairman presented the following resolutions for approval by the Trustees.

Action………1. A Memorial Resolution for Morton H. Wilner, Esq. was approved as follows:

Morton Wilner (W’30), born in Baltimore and raised in Washington, DC, was a star athlete, a soldier and patriot, a devoted family man, and a dedicated Pennsylvanian. Two of his three brothers were Penn alumni, as are three of his four children. His own undergraduate days at Penn were marked by extraordinary athleticism, high academic achievement, and outstanding student leadership. As captain and second baseman of Penn’s championship baseball teams of 1929 and 1930, he led them to 41 victories. His
feats earned him the title All Ivy League Second Baseman for three years running and membership in Penn’s Baseball Hall of Fame. As a star quarterback on Penn’s football team, he was named All American in 1929. While maintaining his place on the Dean’s List for eight semesters, he was also secretary of the junior class, a member of the Friars Senior Society, and Class of 1930 Spoon Man. After earning his B.S. in Economics from the Wharton School, he sold life insurance while pursuing graduate studies in the evening, and took his law degree from Georgetown University in 1934. At the start of World War II, he enlisted in the Army Air Corps, rose to the rank of Major, and was awarded the Legion of Merit.

A founder of the Washington law firm of Wilner & Scheiner, he specialized in communications and aerospace law. He was a past president of the Federal Communications Bar Association and the National Child Research Center and a former member of the American Bar Association’s House of Delegates. Dedicated throughout his life to the development of the Armed Forces Benefit Association, he served as its general counsel for over four decades and was, at the time of his death, vice chairman and a member of its Industrial Bank. For more than two decades he was general counsel of the Aerospace Industries Association. Numerous board memberships included Giant Foods and Security National Bank in Washington. Over the years, he gave his time and talents to myriad good causes, including St. Albans School and the Junior Board of Commerce in Washington, earning acknowledgment through the Ourisman Memorial Award for Civic Achievement. In 1992, he was given another kind of tribute when he was inducted into the first Jewish Sports Hall of Fame. Here at Penn, he consistently set standards of leadership, first as president of our alumni club in Washington, DC, then as an alumni trustee from 1965-70, a term trustee from 1970-78, and finally an emeritus trustee. The Washington Club bestowed on him the Joseph Wharton Award, while his alma mater paid this true Penn hero its highest tribute, the Alumni Award of Merit.

RESOLVED, that the Trustees of the University of Pennsylvania express their deep sorrow over the death of their colleague and long-time friend, and in recording this official minute on behalf of the University community, share with the family of Morton Wilner their abiding affection and gratitude for his friendship and wise counsel.

The Chairman acknowledged the dinner held the previous evening in Gloria Twine Chisum’s honor, which he described as a small measure of the University community’s gratitude toward and admiration for Dr. Chisum.

A Resolution of Appreciation for Gloria Twine Chisum, Ph.D. and Designation as Emerita Trustee was approved as follows:

Leader, teacher, and trailblazer, Dr. Chisum began her journey with Penn in 1953 as a Ph.D. candidate and teaching and research assistant in the Department of Psychology. She soon advanced to full lecturer in the department, where she continued to teach until 1968. In addition to teaching, Dr. Chisum became a research psychologist in 1960 for the U.S. Naval Air Development Center Vision Laboratory. She soon was promoted to head
that same research lab, and later became the Navy’s Chairperson of Environmental Physiology Research.

Gracefully tearing down the many barriers facing women in science, Dr. Chisum became one of the most widely published research psychologists in her field. She is the author of over 70 publications and holds two U.S. patents. She retired from the Navy in 1990 and has since dedicated her life to civic service. Dr. Chisum’s involvement in philanthropy and volunteerism, however, began much earlier than that.

In 1974, she became a Penn trustee and has served as Vice Chairman of the trustees since 1988. Thoughtful, eloquent, patient, and effective, her compassion and sense of fairness have sustained the University through some challenging times. In 1993, she headed the Commission on Strengthening the Community, whose activities helped to heal the campus during some racially divisive times. In 1994, the Trustees bestowed an honorary Doctor of Laws on her for her decades of service and work with the Commission.

Dr. Chisum has served as a member of the School of Arts and Sciences Board of Overseers, and has chaired the Boards of Overseers for the School of Social Work and the Graduate School of Education. She served as founding chair for the Brister Society, and has received Penn's Alumni Award of Merit.

**RESOLVED,** that the Trustees of the University of Pennsylvania, on behalf of themselves, the administration, faculty, students, and alumni of the University, convey their profound gratitude to Gloria Twine Chisum for the many years of wisdom, guidance and selfless action she has provided to Penn.

**FURTHER RESOLVED,** that Gloria Twine Chisum be designated an Emerita Trustee, effective June 16, 2000.

The Chairman acknowledged the terrific event held by the University of Pennsylvania Alumni Society in honor of their fearless leader, Elsie Sterling Howard.

**Action**……….3. A Resolution of Appreciation for Elsie Sterling Howard was approved as follows:

Elsie Sterling Howard's numerous contributions to Penn are legendary. A 1968 Penn graduate, and Penn trustee since 1991, she also is a member of the Graduate School of Fine Arts Board of Overseers, and a member of the Penn Athletics Advisory Board. She has served as President of Penn's Alumni Society for the past five years, as a founding member and chair of the Trustees' Council of Penn Women, Chair of her Class Reunion, and Founding President of the Alumni Club of Dade County Florida. Mrs. Howard's extraordinary devotion to Penn was recognized with an Alumni Award of Merit in 1987.

As President of the University of Pennsylvania Alumni Society, Mrs. Howard provided the leadership to form the strategic goals for the Society, which correspond perfectly with the University's Agenda for Excellence. She designed and implemented many innovative
alumni programs that have attracted countless volunteers back to Penn, and she has been a key participant in many of these programs.

Principal of her own public relations firm, Mrs. Howard brings incomparable creativity, enthusiasm, and commitment to every one of her volunteer endeavors. She has left an indelible mark of excellence in every facet of the Alumni Society, Alumni Relations and on the Trustees of the University of Pennsylvania.

RESOLVED, that the Trustees of the University of Pennsylvania acknowledge with gratitude and affection the service of Elsie Sterling Howard as a Trustee of the University from 1991 to 2000. Her commitment and dedication to the University, through participation on the Executive, Development, External Affairs, Neighborhood Initiatives, Nominating and Student Life Committees have contributed deeply to the vitality of this great institution. Her tenure as President of the University of Pennsylvania's Alumni Society will long be remembered as a time of great progress and innovation. We look forward to her continued guidance, counsel and friendship.

Action………..4. A Resolution of Appreciation for Donald N. Langenberg, Ph.D. was approved as follows:

Dr. Donald Langenberg is a man of academics and science, whose impact has been felt on multiple campuses and in several fields of scientific study. Currently the Chancellor of the University System of Maryland, Dr. Langenberg has served as Chancellor and Professor of Physics at the University of Illinois at Chicago, and deputy director of the National Science Foundation. A member of Penn's faculty from 1960 to 1983, Dr. Langenberg was appointed Professor of Physics in 1967 and held a secondary appointment as Professor of Electrical Engineering and Science from 1976 to 1983. While at Penn, he served as director of the Laboratory for Research on the Structure of Matter and Vice Provost for Graduate Studies and Research. During his twenty years as a Penn faculty member, Dr. Langenberg made major contributions to the fields of experimental condensed matter physics and materials science.

A recipient of fellowships from the National Science Foundation, the Sloan Foundation, and the Guggenheim Foundation, Dr. Langenberg has received, among other awards, the John Price Wetherill Medal of the Franklin Institute and the Distinguished Contribution to Research Administration Award of the Society of Research Administrators. He has been president of the American Association for the Advancement of Science and the American Physical Society. Dr. Langenberg is a trustee of the Alfred P. Sloan Foundation, and the author or co-author of more than 100 papers and articles in professional journals, and has edited several books.

Penn presented Dr. Langenberg with a honorary Doctor of Science degree in 1985, in acknowledgement of his personal qualities, and professional prowess as professor, administrator, and colleague. He has served as Chair of the Trustees' Academic Policy
Committee and a member of the Honorary Degrees and Awards Committee and the School of Engineering and Applied Science Board of Overseers.

RESOLVED, that the Trustees of the University of Pennsylvania acknowledge with gratitude and affection the service of Donald N. Langenberg as a Trustee of the University from 1990 to 2000. His commitment and dedication to the University, through participation on the Executive, Academic Policy, and Honorary Degrees and Awards Committees have contributed deeply to the vitality of this great institution. We look forward to his continued guidance, counsel and friendship.

The Office of the Secretary and Office of the General Counsel recently completed a comprehensive review of the Statutes of the University. As a result of the review, certain revisions have been recommended, in order to make the statutes consistent with current practice, and in compliance with current law.

A Resolution on the Amendments to the Statutes was approved as follows:

Earlier this year, the Chairman of the Board of Trustees asked the Office of the Secretary and the Office of the General Counsel to undertake a comprehensive review of the Statutes of the University with an eye toward making them consistent with current practice, as well as to bring them into compliance with current legislation. The review focused on a number of topics including the trustee nomination process, retirement age for all voting trustees, proxy voting, appointment of vice chairmen of boards and committees, terms of service on overseer boards, the President’s interaction with the Health System Board and its Executive Committee, forms of notice, the Faculty of Arts and Sciences, and indemnification of Health System Trustees. Subsequent to the review of the Statutes, the following revisions are recommended.

Trustee Nomination Process. Replace “Executive Committee” with “Nominating Committee” in Articles 2.4 and 2.7 since, in current practice, it is the Nominating Committee, rather than the Executive Committee, that nominates new trustees for membership on the Board (2.4) and annually recommends trustees to serve as Chairman and Vice Chairs of the Board (2.7).

Standard Retirement Age for All Voting Trustees. With the 1994 addition of the Commonwealth Trustee classification in Article 2.2(f), a specific retirement age for Commonwealth Trustees was not explicitly included in the Statutes, though it has been the operating principle that Article 2.6 applies to all voting members of the Board of Trustees. In order to bring the Statutes in line with current practice, Article 2.2(f) should specifically include the Commonwealth Trustee classification as also being covered by the stated retirement age.

Proxy Voting. Article 2.11 covering proxy voting should be deleted in its entirety to bring the Statutes into compliance with Pennsylvania nonprofit corporation law.

Current Legislation. In 1990, the provisions contained within Pennsylvania statutes 42 Pa.C.S. §8363 and 42 Pa.C.S. §8364 were consolidated within statute 15 Pa.C.S. §5713;
as such, Article 2.12 should be revised to reflect the updated legislation. The changes in statutory references have no effect on the legal implications of this Article.

**Vice Chairmen of Boards and Committees.** In current practice, the Trustees elect trustee members, chairmen, and vice chairmen of all boards of overseers and advisory boards, and the Chairman of the Board of Trustees appoints trustee members, chairmen, and vice chairmen of Trustee committees, with the exception of the Executive Committee and Investment Board. As such, Article 4.2 should be revised to include specific mention of Trustee election of vice chairmen for boards of overseers and other advisory boards, as well as appointment by the Chairman of the Board of vice chairmen of all committees formed by the Trustees (with the exception of the Executive Committee and the Investment Board).

**Overseer and Advisory Board Terms of Service.** At present, the process for election and renewal of overseer board and other advisory board members is inconsistent across the University. To rectify this problem, language should be added to Article 4.3 that would limit any overseer or advisory board member to serve a maximum of three consecutive three-year terms (a total of nine years of service) before he or she is required to rotate off the board for at least one year. After at least one year off the board, the member could be reappointed for another three-year term. There would be no limit on the number of total years of service.

**President’s Role on the Health System Board and Its Subcommittees.** In the *UPHS Bylaws*, Article 1.2.1 states that the President of the University is an ex officio member of the Health System Board. It has been the practice in the Health System that ex officio members of the Board and its Committees and Subcommittees may vote. Article 4.6 of the *University Statutes*, however, states that “trustees ex officio may attend any meeting of any board or committee formed by the Trustees . . . but shall not be members.” In order to resolve this discrepancy of terms and understanding, Article 4.6 shall state expressly that the President of the University shall be a voting member of the UPHS Board, the UPHS Executive Committee, and such of its subcommittees on which she may serve from time to time.

**Electronic Notice.** Recognizing that technological advances are shaping how the University administration communicates with members of the Board of Trustees, Article 7.1 should contain wording that would allow for all forms of “electronic” transmission to be considered “Notice.”

**Faculty of Arts and Sciences.** At the urging of Dean Samuel Preston of the School of Arts and Sciences, Article 9.2(a) will be revised to include the “College of General Studies” as the third formal member of the Faculty of Arts and Sciences.

**Indemnification of Health System Trustees.** Indemnification will be extended to the Health System Trustees to the extent they meet the standards of Pennsylvania law, without separate approval by the President, Provost, or General Counsel, as is now provided for in the Trustees’ Standing Resolution on Indemnification.
RESOLVED, that Articles 2.4 and 2.7 of the Statutes be amended to read as follows, in order to reflect accurately current Trustee nomination and election practices:

Article 2.4 Charter, term, and elected trustees emeriti shall be nominated by the Nominating Committee and elected at a stated meeting of the Trustees. At least ten days’ notice of such proposed election shall be given to the trustees.

Article 2.7 By the terms of the Charter, the Governor of the Commonwealth of Pennsylvania is constituted, by virtue of office, President of the Trustees. At the annual meeting, as defined in 2.8, or at such other time as a vacancy occurs, the Trustees shall elect, upon the recommendation of the Nominating Committee and from among the members of the Corporation, a Chairman of the Trustees and one or more Vice Chairmen. The Chairman or a Vice Chairman shall preside at all meetings when the Governor is not present.

FURTHER RESOLVED, that, in order to clarify that the retirement age of seventy applies to all categories of voting trustees, Article 2.6 of the Statutes be amended to read as follows:

Article 2.6 Charter, term, alumni, and Commonwealth trustees shall retire at the conclusion of the first stated meeting of the Trustees following the date on which they reach seventy years of age.

FURTHER RESOLVED, that Article 2.11 be deleted in its entirety and that subsequent Articles be renumbered accordingly.

FURTHER RESOLVED, that the current Article 2.12 of the Statutes be amended to read as follows, in order to reflect the statutory references of current legislation:

Article 2.12 A trustee shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless the trustee has breached or failed to perform the duties of his or her office under 15 Pa.C.S. §5713 and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this section shall constitute a bylaw adopted by the members for the purposes of 15 Pa.C.S. §5713 and shall not apply to the responsibility or liability of a trustee pursuant to any criminal statute or the liability of a trustee for the payment of taxes pursuant to local, state or federal law.

FURTHER RESOLVED, that Article 4.2 of the Statutes be amended to read as follows, in order to reflect current practice that the Trustees also elect vice chairmen of advisory
and overseer boards, and the Chairman of the Board also appoints vice chairmen of
Trustee committees:

Article 4.2. The trustee members, the chairmen, and the vice chairmen of all
boards of overseers and other advisory boards formed by the Trustees shall be nominated
by the Chairman of the Trustees and the President and elected by the Trustees for terms
of three years, unless otherwise determined by the Trustees. The terms may be renewed.
The trustee members, the chairmen, and the vice chairmen of all committees formed by
the Trustees, with the exception of the Executive Committee and the Investment Board,
shall be appointed by the Chairman of the Trustees for one-year renewable terms.

FURTHER RESOLVED, that, to limit the number of consecutive overseer or advisory
board term renewals across the University, Article 4.3 of the Statutes be amended to read
as follows:

Article 4.3 The non-trustee members of all boards of overseers and other
advisory boards and formed by the Trustees, with the exception of the Investment Board,
shall be nominated by the Chairman of the Trustees and the President and elected by the
Trustees for terms of three years unless otherwise determined by the Trustees. The terms
may be renewed no more than two times in succession before the member must rotate off
of the overseer or advisory board for at least one year. After the member has been off the
board for at least one year, the member may be reappointed for another three-year term.
There shall be no limit placed on the number of total years of service that a member may
dedicate to any one overseer or advisory board.

FURTHER RESOLVED, that, to resolve a discrepancy between the Health System
Bylaws and the Statutes of the University regarding the voting rights of ex officio
members of the Board, Article 4.6 of the Statutes be amended to read as follows:

Article 4.6 With the consent of the chairman thereof, trustees ex officio may
attend any meeting of any board or committee formed by the Trustees, pursuant to this
Article, but shall not be members, except that the President shall be a voting member of
the University of Pennsylvania Health System Board, the University of Pennsylvania
Health System Executive Committee, and such of its subcommittees on which the
President may serve from time to time.

FURTHER RESOLVED, that Article 7.1 of the Statutes be amended to read as follows:

Article 7.1 Unless specifically provided otherwise, whenever notice is
required to be given to any person under provisions of law, of the Charter, or of these
Statutes, it shall be given in writing to such person either personally or by sending a copy
thereof by first-class or express mail, postage prepaid or courier service charges prepaid,
or by electronic transmission, to the person’s address, electronic address, or facsimile
number appearing on the books of the University. If the notice is sent by mail, it shall be
deemed to have been given to the person entitled thereto when deposited in the United
States mail or with a courier service for delivery to that person. A notice of meeting shall
specify the place, day, and hour of the meeting and any other information required by the
Pennsylvania Nonprofit Corporation Law of 1988 (or any successor act or provision).

**FURTHER RESOLVED,** that Article 9.2(a) of the Statutes be amended to read as
follows, in order to acknowledge and formally recognize the College of General Studies
of the University of Pennsylvania:

> Article 9.2 The Trustees recognize the following (listed in the order of their
origin):

> (a) Faculty of Arts and Sciences

The School of Arts and Sciences, including the College of Arts and Sciences, as its
undergraduate division; the Graduate Division of Arts and Sciences; *and the
College of General Studies, as its lifelong learning program.*

**FURTHER RESOLVED,** that Article 12.2 of the Statutes be amended to read as
follows, in order to include Health System Trustees within the provision of mandatory
indemnification:

> Article 12.2 The Corporation shall indemnify trustees and officers of the
Corporation, *trustees of the University of Pennsylvania Health System,* and members of
the Investment Board to the full extent permitted by law. For the purposes of this Article,
the term "officer" means those individuals specified in the first sentence of section 3.1.

*Action……..6. A Resolution on the Conflict of Interest Policy was approved as follows:*  

The University of Pennsylvania has always valued both excellence and integrity in
serving the purposes to which the University is dedicated: education, research, and
service. In order to promote these values, the University has long aspired to ensure that
both actual and perceived conflicts of interest are avoided. On June 19, 1981, the
Trustees adopted a Resolution on Conflict of Interest Policy establishing guidelines for
dealing with conflicts of interest on the part of the faculty, trustees, associate trustees,
officers, and other employees of the University. In June 1986, the Trustees adopted a
Resolution amending and restating the Conflict of Interest Policy to clarify that the June
19, 1981 policy was in conformity with the Commonwealth of Pennsylvania Corporation
Not-for-profit Code. The Policy was enhanced in 1995 by the Protocol on Trustee
Norms, which both stated the Trustees’ intention that a higher standard apply and
instituted the current system of annual reporting.
Legislation enacted in June 1996 makes it appropriate and timely to review this policy again. The legislation introduced the concept of “intermediate sanctions,” i.e., sanctions short of revocation of tax exemption, when charities engage in “excess benefit transactions.” Such transactions can arise in many different contexts, including executive compensation in excess of market benchmarks, licensing of technology at a rate less than the market would pay, and entering into a contract with a service provider on terms less favorable than arm’s length. Under the new legislation, intermediate sanctions may be imposed when an excess benefit transaction involves a “disqualified person,” defined as someone in a position to exercise substantial influence over the charity. A transaction will withstand scrutiny if it can be determined that compensation rates and contract terms were set at levels equal to those that would prevail in arm’s length transactions. Such terms will be presumed to have met this market test if they have been approved by a committee of disinterested trustees.

In light of these developments, the Trustees propose to adopt a more comprehensive conflict of interest policy for Trustees, Officers, and members of the Trustees’ Investment Board; modify the University’s executive compensation review process; and charge a Compensation Committee with responsibility for administration of the executive compensation review process and conflict of interest policy.

Changes from the June 1986 Conflict of Interest Policy will ensure that the University is in compliance with the new intermediate sanctions regulations. To create a more protective policy for the University, the scope of the policy has been broadened to include members of the Trustees’ Investment Board, as well as Emeritus and former Trustees for a period of five years subsequent to their election to emeritus status or departure from the Board, respectively. The policy requires that “Covered Persons” immediately notify the University of a proposed transaction between the University and him or herself or an affiliate. The policy also provides for mandatory physical recusal by Covered Persons from participation in any discussions of “Covered Transactions” with University officials and members of the University-wide community and at meetings of the Trustees or their committees, except to respond to general requests for information about a transaction.

The policy includes the IRS standard for approval of a transaction involving a potential conflict, which is to determine that the transaction results in a payment to the Covered Person that is no more than “fair market value.” In addition, the responsible parties would have to determine that the Covered Transaction did not present an unacceptable appearance of conflict and that it was fair, reasonable, and in the best interests of the University.

RESOLVED, that the June 1986 Resolution on Conflict of Interest Policy as enhanced by the 1995 Protocol on Trustee Norms be amended and restated to read, in its entirety, as follows:
This policy on conflict of interest is divided into three parts, the first dealing with faculty, the second dealing with trustees, officers, and Investment Board members, and the third dealing with other employees of the University.

I. Faculty

Certain categories of potential conflict of interest as to faculty are addressed in existing University policies, including the Conflict of Interest Policy for Faculty Members adopted by the Faculty Senate on November 17, 1982, approved by the Provost on March 1, 1983 and printed in the 1983 Handbook for Faculty and Academic Administrators. University Council also recommended a Policy on Outside Financial Interests on September 24, 1969, which is as follows:

A member of the faculty may have a significant investment or interest, or hold an official position, in an outside firm or organization but has not undertaken to perform continuing work or services for it. Such an economic or official relationship is of concern if 1) the firm or organization is engaged in activities which parallel activities in which the University is currently or prospectively engaged and in which the faculty member plays (or might appropriately play) a role in his or her academic capacity; or 2) the firm or organization has a present or prospective relationship with the University, e.g., as a supplier of goods or services or as a party to a research contract, and the conduct of that relationship may involve the faculty member in his academic capacity. In either of these situations, the faculty member shall be required to report the facts and circumstances to the department chairman and the academic dean or director so that appropriate steps may be taken to avoid a conflict of interest.

These policies are recognized to govern those areas of potential conflict of particular concern to faculty.

A number of other existing University policies pertaining to conflicts of interest apply to faculty members unless they are intended by their terms to apply only to other groups or employees. These policies include, but are not limited to, policies on patent and copyright, purchasing, nepotism, and sexual harassment.

II. Trustees, Officers, and Investment Board Members

The University of Pennsylvania is an institution of higher education that prizes truth, excellence, and integrity. The Trustees, Officers, and members of the Investment Board are chosen to serve the purposes to which the University is dedicated: education, research, and service. These persons have a duty to conduct the affairs of the University in a manner consistent with such purposes and not to advance their personal interests. This conflict of interest policy is intended to permit the University and its Trustees, Officers, and Investment Board members to identify, evaluate, and address any real, potential, or apparent conflicts of interest that might, in fact or in appearance, call into question such persons’ duty of undivided loyalty to the University.
A. Covered Persons

This policy applies to the following persons: (1) voting members of the Board of Trustees (including Charter Trustees, Term Trustees, Alumni Trustees, and Commonwealth Trustees); (2) Trustees Emeriti who have served in that capacity for five years or less; (3) other former voting Trustees for a period of five years from the end of their term as such; (4) Officers as defined in the Statutes; and (5) members of the Investment Board. Each Covered Person (except former Board members who are not Trustees Emeriti) shall be required to acknowledge, not less than annually, that he or she has read and is in compliance with this policy adopted by the Board of Trustees on June 16, 2000.

B. Covered Transactions

This policy applies to transactions between the University and a Covered Person, or between the University and another party with which a Covered Person has a significant relationship. A Covered Person is considered to have a significant relationship with another party if:

1. the other party is a family member, including a spouse, parent, sibling, child, stepchild, grandparent, grandchild, in-law, or domestic partner;

2. the other party is an entity in which the Covered Person has a material financial interest. The determination of what constitutes a material financial interest includes entities in which the Covered Person and all individuals or entities having significant relationships with the Covered Person own, in the aggregate, more than (a) 1 percent of any class of the outstanding securities of a firm or corporation; (b) 10 percent interest in a partnership or association; or (c) 5 percent of the total direct and beneficial assets or income of the person; or

3. the Covered Person is an officer, director, trustee, or employee of the other party.

A Covered Transaction also includes any other transaction in which a Covered Person believes there may be an actual or perceived conflict of interest, including any transaction in which the interests of a Covered Person may be seen as competing with the interests of the University.

In order to assist the University in identifying proposed Covered Transactions, each Covered Person (except former Board members who are not Trustees Emeriti) annually shall complete a Conflict of Interest Questionnaire provided by the University and shall update such Questionnaire promptly as necessary to reflect changes during the course of the year. Former Board members who are not Trustees Emeriti are encouraged but not required to complete the Questionnaire during the five-year period following completion of their terms. Completed Questionnaires shall be returned to the Office of the Secretary and shall be subject to review by such office and the Office of the General Counsel, as
well as by any outside legal counsel and/or auditors who may be appointed to advise the Compensation Committee of the Board of Trustees appointed to oversee this policy. Completed Questionnaires also shall be available for inspection by any Board Member.
C. Disclosure, Refrain from Influence, and Recusal

When a Covered Person becomes aware of a proposed Covered Transaction, he or she shall have a duty to take the following actions:

1. immediately disclose the existence and circumstances of such Covered Transaction to the Compensation Committee and to the Office of the General Counsel;

2. refrain from using his or her personal influence to encourage the University to enter into the Covered Transaction; and

3. physically recuse himself or herself from participation in any discussions regarding the Covered Transaction with officials of the University, at meetings of the Board of Trustees or the Investment Board, at meetings of committees of either Board, and with other members of the University community, except to respond to requests for information about the Covered Transaction.

D. Standard for Approval of Covered Transactions

The University may enter into a Covered Transaction where it is determined by the parties responsible for approving such transaction on behalf of the University, acting without the participation or influence of the Covered Person, that such transaction is fair, reasonable, in the best interests of the University, and consistent with the University’s status as a Pennsylvania nonprofit corporation and a Section 501(c)(3) organization. The University official seeking to enter into a Covered Transaction on behalf of the University shall make a record of such proposed transaction, including the basis for determining that it meets the above-described standard. Before entering into a Covered Transaction, such party shall notify the Compensation Committee, which shall review the adequacy of such determination and shall approve or disapprove the Covered Transaction on that basis.

E. Compensation Committee

This policy shall be administered by the Compensation Committee of the Board of Trustees. The Committee’s responsibilities shall include the following:

1. reviewing reports from the Office of the Secretary and/or the Office of the General Counsel regarding the Conflict of Interest Questionnaires;

2. receiving disclosures of proposed Covered Transactions;
3. reviewing proposed Covered Transactions and any preexisting Covered Transactions to determine whether they meet the above-described standard;

4. maintaining minutes and such other documentation as may be necessary and appropriate to document its review of Covered Transactions;

5. adopting guidelines for its operations, including guidelines for the Committee’s review of Covered Transactions and for delegation of authority to the Office of the General Counsel to review Covered Transactions that have an insubstantial value;

6. reviewing the operation of this policy and making recommendations to the Board of Trustees regarding changes to the policy; and

7. reporting regularly to the Board of Trustees regarding the work of the Committee.

F. Responsibilities of the Office of the General Counsel

The Office of the General Counsel shall provide advice and assistance to the Compensation Committee in carrying out its responsibilities under this policy. The General Counsel shall attend all meetings of the Compensation Committee, and shall assist in preparing the minutes of Committee meetings.

III. University Employees other than Faculty and Officers ("Employees")

Employees of the University shall avoid any conflict between their personal interests and the interests of the University; furthermore, they shall avoid any situation where it would be reasonable for an objective observer to believe that the person's judgment or loyalty might be adversely affected. For purposes of Paragraphs III (a) and (b) below, reference to the University is intended to include also reference to all entities controlled or owned in substantial part by the University.

(a) If an employee has any power or influence to approve or disapprove a transaction proposed to be entered into between the University and that person or between the University and any entity or individual having a significant relationship to that person, he or she has a potential conflict of interest and may not participate in the process leading to the approval or disapproval of the transaction unless the underlying facts giving rise to the potential conflict of interest are disclosed and approval for participation is obtained pursuant to the procedures described below in paragraph (e).

(b) An employee also has a potential conflict of interest if that person, or any entity or individual having a significant relationship to that person may benefit from
information considered by the University to be confidential and learned in his or her capacity as an employee of the University.

(c) A significant relationship exists as to an entity if a person is director, trustee, officer, or employee of, a partner or member in, or has a material financial interest in, the entity in question.

(i) An entity is a corporation, partnership, unincorporated association, or any similar group.

(ii) Determination of a material financial interest is a matter of personal judgement but, at a minimum, would be required for an aggregate interest for the person and for all entities or individuals having material relationships with the person of more than

- 1 percent of any class of the outstanding
  securities of a firm or corporation, or
- 10 percent interest in a partnership or association, or
- 5 percent of the total direct and beneficial assets or income of the person.

(d) A significant relationship exists as to an individual if that individual is in the immediate family of a person subject to this policy. The immediate family includes parents, siblings, spouse, and offspring.

(e) An employee who has a potential conflict of interest covered by this policy shall immediately disclose the potential conflict in writing to a superior who in turn should inform the Secretary. The employee may continue participation in the transaction only on terms approved by the Secretary.

(f) A number of other University policies pertaining to conflict of interest remain in effect and may, depending on their terms, apply to employees of the University. These policies include, but are not limited to, policies on extramural consulting by administrative staff, purchasing, sponsoring research, patent and copyright, nepotism, and sexual harassment.
A Resolution to Establish the Compensation Committee of the Board of Trustees of the University of Pennsylvania was approved as follows:

The University of Pennsylvania aspires to establish executive compensation levels that are fair and reasonable in light of market conditions and that will ensure that the University is able to attract and retain the best leadership for the institution. To that end, the University has sought to provide compensation and benefit packages that are competitive with both our peer institutions of higher education and with industry generally. This goal has always been of the highest importance to the University, and a structure has consistently been in place to promote its achievement; the structure, however, can always be strengthened.

In June 1996, Congress enacted the Taxpayer Bill of Rights 2, which challenges universities and other nonprofit organizations to review and re-evaluate compensation procedures and practices. In December 1996, then-Chairman of the Board of Trustees Dr. P. Roy Vagelos notified the Executive Committee that he had asked three of its members to serve with him on a compensation subcommittee. In a memo to the Executive Committee, the chairman explained that it was necessary to create the subcommittee in order to conform to certain procedures in documenting reasonable salaries for the officers of the University. To date, the Compensation Subcommittee has generally met once per year to review appropriate data, including comparable salaries, in order to report its conclusions and recommendations on officers’ salaries to the full Executive Committee for final approval.

As recommended by the Trustees’ Executive Committee, the new Compensation Committee of the University of Pennsylvania Board of Trustees would have responsibility both for providing oversight and review of the executive compensation process and for reviewing actual and perceived conflict of interest transactions. Importantly, in order to achieve the rebuttable presumption under the intermediate sanctions regulations promulgated in 1998, the Compensation Committee should be a standing committee with a formal charge and delegation of responsibilities directly from the full Board of Trustees and should consist entirely of disinterested trustees, as does the current subcommittee.

The new standing committee shall be accountable for the compensation and benefits arrangements of not only the President and her direct reports, but also the statutory officers, senior academic officials, deans, and other key employees. In general, this group includes all of those individuals with substantial influence over the affairs of the University, i.e., potential disqualified persons within the meaning of the intermediate sanctions regulations.

RESOLVED, that the standing Compensation Committee of the Board of Trustees of the University of Pennsylvania be established; that the membership of the Committee consist of at least three disinterested, voting members of the Board of Trustees; that the Committee have the authority and responsibility both for providing oversight and review
of the executive compensation process and for reviewing actual and perceived conflict of interest transactions involving trustees and statutory officers according to guidelines established by the University's Conflict of Interest Policy as adopted by the Board of Trustees; that the Committee shall adopt and implement executive compensation principles that may be revised from time to time; that the Committee shall be accountable for the compensation and benefits arrangements of the President and her direct reports, the statutory officers, senior academic officials, deans, other key employees, and all of those individuals who are potential disqualified persons within the meaning of the intermediate sanctions legislation; and that the Committee may periodically review the compensation and benefits of other highly compensated individuals, even if they are not deemed to exercise “substantial influence” over the University.

B. Vice Chairman’s Report—Mrs. Susan W. Catherwood

Mrs. Catherwood recognized the June meeting as the Annual Meeting of the Trustees of the University of Pennsylvania, the meeting at which the reappointment of the chair and vice chairs, the election of the Executive Committee, and the appointment of the Investment Board are approved. Mrs. Catherwood presented the following resolution for approval by the Trustees.

Action………..1. A Resolution on Reelection of James S. Riepe as Chair of the Board of Trustees was approved as follows:

RESOLVED, that James S. Riepe be reelected Chair of the Board of Trustees of the University of Pennsylvania, effective July 1, 2000 for the term ending June 30, 2001.

C. Nominating Committee Report—Mr. James S. Riepe

The Chairman presented the following resolutions for approval by the Trustees.

Action………..1. A Resolution on Reelection of Russell E. Palmer and Susan W. Catherwood as Vice Chairs of the Board of Trustees was approved as follows:

RESOLVED, that Russell E. Palmer and Susan W. Catherwood be reelected as Vice Chairs of the Board of Trustees of the University of Pennsylvania for one-year terms, effective July 1, 2000.
Action……..2. A Resolution on Election of Michael L. Tarnopol as a Vice Chair of the Board of Trustees was approved as follows:

RESOLVED, that Michael L. Tarnopol be elected a Vice Chair of the Board of Trustees, effective July 1, 2000.

Mr. Tarnopol (W’58) is Vice Chairman of the Bear Stearns Co., Inc. Mr. Tarnopol joined Bear Stearns in 1975 and was admitted to partnership in 1976. He became a Senior Managing Director in 1985 at the time of the firm’s incorporation. Mr. Tarnopol headed the firm’s International Department from 1975 until 1985, when he was appointed head of the Mergers & Acquisitions Department. In 1988, Mr. Tarnopol became Chairman of the Investment Banking Department and he became Vice-Chairman of the firm in 1997. Prior to joining Bear Stearns he was a senior managing director at Lehman Brothers, Inc., responsible for institutional sales and trading.

At Penn, Mr. Tarnopol is a member of the Wharton School’s Board of Overseers, co-chairman of the its Development Committee, and a member of the Advisory Board of the School’s Department of Finance. He served on the Trustees’ Internationalization Committee until its charge was folded into that of the Academic Policy Committee in September 1997. Mr. Tarnopol currently serves as the chair of the Trustees’ Development Committee, and as a member of the Executive Committee, Budget and Finance, and Student Life Committees as well as the Athletic Advisory Board.

The Chairman welcomed the support of the re-elected vice chairs and that of the newly-elected vice chair, Mr. Michael Tarnopol. The Chairman described Mr. Tarnopol’s service to the University as “tremendous” and noted that, in his 15 years of service, Mr. Tarnopol has never turned down a request to help Penn.

Action……..3. A Resolution on Election of the Executive Committee was approved as follows:

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms effective July 1, 2000: Christopher H. Browne, Gilbert F. Casellas, Susan W. Catherwood, Paul K. Kelly, Natalie I. Koether, Leonard A. Lauder, William L. Mack, Andrea Mitchell, John B. Neff, Russell E. Palmer, James S. Riepe (chair), Leonard Shapiro, Alvin V. Shoemaker, Saul P. Steinberg, Michael L. Tarnopol, Lawrence A. Weinbach, and George A. Weiss.
Action….....4. A Resolution on Appointment of the Investment Board was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania for a term of one year, effective July 1, 2000 and until their successors are elected or appointed and qualified: Geoffrey Boisi, Christopher H. Browne, Howard S. Marks (chair), Paul F. Miller, Jr., David M. Silfen, and Mark Winkelman.

Action….....5. A Resolution of Appreciation for Charles K. Williams II, Ph.D. and Election as Emeritus Trustee was approved as follows:

Dr. Charles K. Williams II (GR’78, H’97), who has been called “one of the living legends of Ancient Corinth,” has also earned a reputation of mythological proportions here at Penn. The evidence of his achievements is well documented. His contributions as former director of the Corinth Excavations of the American School of Classical Studies in Athens, one of the most important archaeological investigations in the classical world, earned him the 1993 Gold Medal of the American Institute of Archaeology. He continues his good work as a Trustee of the American School of Classical Studies at Athens and of the American Academy in Rome.

Meanwhile, here at Penn, where he earned his Ph.D. in Classical Archaeology, Dr. Williams has served as an Overseer of the University of Pennsylvania Museum of Archaeology and Anthropology since 1985, the Museum Overseers Vice Chair since 1998, a member of the School of Arts and Sciences History of Art Visiting Committee, and a term trustee of the University, where he has been a valued member of the Facilities and Campus Planning Committee since 1997. A devoted as well as learned friend of the Museum, he has endowed the Directorship, a Professorship in the History of Art, two post-doctoral Fellowships, a publication fund, and the newly created Center for Ancient Studies, and has made a leadership gift to the new wing for a climate-controlled environment for collections and space for research. The University has bestowed on Dr. Williams its highest accolades, the Alumni Award of Merit in 1992 and an Honorary Doctor of Humane Letters in 1997.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, faculty, students, and alumni of the University, convey their profound gratitude to Charles K. Williams for enlightening us about the ancient world and other variant cultures, while enhancing through his friendship the present moment and strengthening through his leadership the vibrant community that is Penn;

FURTHER RESOLVED, that Charles K. Williams II be elected an Emeritus Trustee, effective June 16, 2000.

Action….....6. A Resolution on Election of George A. Weiss as a Charter Trustee was approved as follows:
RESOLVED, that George A. Weiss be elected a Charter Trustee, effective June 16, 2000.

Mr. Weiss (W'65) is President of the money management firm he founded in 1978. In 1987, Mr. Weiss established the Say Yes to Education Foundation to guarantee a college education for 112 sixth-grade students at the Belmont School in West Philadelphia. The program has grown to include over 300 students in three cities with four chapters in all. In each case, a college or university forms a partnership with the program to provide educational enrichment, tutoring and mentoring, counseling and other resources.

Mr. Weiss has received numerous prestigious awards. In 1992, he received the Michael Jackson Good Scout Humanitarian Award from the Boy Scouts of America's Los Angeles Area Council. He received an honorary doctorate from Colby-Sawyer College in 1994, and the 1996 University Medal for Distinguished Service from the University of Hartford. Mr. Weiss also received the Semper Fidelis Award in 1999 from the Marine Corps Scholarship Foundation. He is a former Regent of the University of Hartford, and currently serves as an Honorary Regent. In 1997, he received his 2nd Degree Black Belts in Tae kwon-Do & KoJukai.

A member of the Athletic Advisory Board at Penn, Mr. Weiss also served as President of the Connecticut Valley Alumni Club for four years. He is a former member of the Alumni Committee on Athletics, the General Alumni Society Board of Directors, the Jeff Davis Association, and the Alumni Club's Advisory Council. He is a 1985 recipient of Penn's Alumni Award of Merit.

Action..........7. A Resolution on Election of Edward T. Anderson, M.D. as a Term Trustee was approved as follows:

RESOLVED, that Edward T. Anderson, M.D. be elected a Term Trustee, effective June 16, 2000.

Dr. Anderson (C'65, M'69) is an interventional cardiologist in Northern California. He has practiced cardiology in the Bay Area for 25 years, following an internship, residency and fellowship at Stanford University. He is now attending cardiologist at Sequoia Hospital in Redwood City, California, and is on the medical staff of Stanford University Hospital. He is the senior interventional cardiologist in the Cardiovascular Medicine and Cardiac Arrhythmia Group.

As a Penn alumnus, Dr. Anderson has continued to be active, having served as an alumni trustee and Athletic Advisory Board member, and as a current member of the Committee for Undergraduate Financial Aid, Agenda for Excellence Council and the Medical School's National Alumni Council.

The Edward T. and Lois G. Anderson Scholarship Fund for undergraduate education was established in 1993, and Dr. Anderson is a supporter of the 21st Century Scholars Fund for medical students.
Action.........8. A Resolution on Election of James D. Dunning, Jr. as a Term Trustee was approved as follows:

RESOLVED, that James D. Dunning, Jr. be elected a Term Trustee, effective June 16, 2000.

Mr. Dunning (W’70) is Chairman, President, and Chief Executive Officer of Ziff Davis Media Inc., a leading technology publisher worldwide. It is the largest computing and Internet magazine publisher and the sixth largest magazine publisher in the U.S. In addition, Mr. Dunning is Chairman of USApubs Inc., a marketing services company headquartered in Clearwater, Florida, and Chairman of The Dunning Group Inc., a private investment company specializing in media leveraged buyouts. Mr. Dunning was recognized as ‘Media Executive of the Year’ for 1999 by ADWEEK, BRANDWEEK, and MEDIAWEEK magazines. Since 1986, he has played an active role in acquiring and leading various media companies. From 1996, until it was acquired in December 1999, Mr. Dunning served as Chairman and CEO of The Petersen Companies Inc., a publicly traded, diversified publishing company. From 1992 to 1997, Mr. Dunning served as Chairman and Chief Executive Officer of TransWestern Publishing Company. Mr. Dunning has also served as Chairman of Standard Rate & Data Services and as Chairman, President and Chief Executive Officer of Multi-Local Media Information Group.

He is a trustee at Deerfield Academy in Massachusetts. Active in youth sports in Connecticut, Mr. Dunning has coached local Pop Warner football teams, State All-Star hockey teams, and statewide AAU baseball teams, all of which competed on the national level. For the last several years, he has served on Penn's Athletics Advisory Board, and the University’s Coaches’ Center bears his name. Mr. Dunning has been an active philanthropist in New Canaan, Connecticut sports facilities, having contributed to the town a full-scale baseball field and two football fields, one of which the town dedicated in his name.
Action……….9. A Resolution on Election of Howard S. Marks as a Term Trustee was approved as follows:

**RESOLVED,** that Howard S. Marks be elected a Term Trustee, effective June 16, 2000.

Howard S. Marks (W'67) currently serves as Chairman of Oaktree Capital Management, LLC. He worked in Citibank's Investment Research Department as a security analyst and unit head from 1969 through 1975 and as Director of Research from 1975 until 1978. In that year he shifted from research to portfolio management, organizing Citicorp's first activities in convertible securities and high yield bonds and establishing its high yield credit analysis department. Total assets in the two areas grew from zero in 1978 to approximately $1 billion in early 1985. From 1985 to 1995, Mr. Marks was employed at The TCW Group, Inc., where he became Chief Investment Officer for Domestic Fixed Income at Trust Company of the West and president of its largest affiliate, TCW Asset Management Company. His areas of activity included convertibles, high yield bonds and the debt obligations of financially troubled companies. Assets committed to his group's management reached $7 billion by the time of his departure to found Oaktree in April 1995.

Oaktree Capital Management, LLC manages investments in high yield bonds, domestic and international convertibles, distressed debt, real estate and control equity situations. It also manages the preexisting TCW Special Credits Funds for distressed debt investments under arrangements with Trust Company of the West. The total capital committed to Oaktree's accounts and funds exceeds $17 billion.

Mr. Marks received a B.S. Ec. degree from the Wharton School with a major in Finance in 1967, and an M.B.A. in Accounting and Marketing from the Graduate School of Business of the University of Chicago in 1970. Mr. Marks is a Chartered Financial Analyst, a Chartered Investment Counselor and a member of the Los Angeles Society of Financial Analysts. He serves on the Board of Directors of Sun International Hotels Ltd., the University of Pennsylvania Investment Board, the Wharton Undergraduate Executive Board, and the Investment Committee of the Jewish Community Foundation of Los Angeles.

Action……….10. A Resolution on Election of Stanley B. Prusiner, M.D. as a Term Trustee was approved as follows:

**RESOLVED,** that Stanley B. Prusiner, M.D. be elected a Term Trustee, effective June 16, 2000.

Dr. Prusiner (C'64, M'68, HON'98) is Director of the Institute for Neurodegenerative Diseases and Professor of Neurology and Biochemistry at the University of California, San Francisco (UCSF). He received his undergraduate and medical training at the University of Pennsylvania, and his postgraduate clinical training at UCSF. From 1969-72, he served in the U.S. Public Health Service at the National Institutes of Health.
Editor of 8 books and author of over 250 research articles, Dr. Prusiner’s contributions to scientific research have been internationally recognized. He is a member of the National Academy of Sciences, the Institute of Medicine, the American Academy of Arts and Sciences, the American Philosophical Society, and is a foreign member of the Royal Society, London.

He is the recipient of numerous prizes, including the Potamkin Prize for Alzheimer's Disease Research from the American Academy of Neurology (1991), the Richard Lounsbery Award for Extraordinary Scientific Research in Biology and Medicine from the National Academy of Sciences (1993), the Gairdner Foundation International Award (1993), the Albert Lasker Award for Basic Medical Research (1994), the Paul Ehrlich Prize from the Federal Republic of Germany (1995), the Wolf Prize in Medicine from the State of Israel (1996), the Keio International Award for Medical Science (1996), the Louisa Gross Horwitz Prize from Columbia University (1997), and the Nobel Prize in Physiology or Medicine (1997).

Dr. Prusiner received an honorary degree from Penn in 1998.

Action………..11. A Resolution on Election of Michael D. Zisman, Ph.D. as a Term Trustee was approved as follows:

RESOLVED, that Michael D. Zisman, Ph.D. be elected a Term Trustee, effective June 16, 2000.

Michael Zisman (GEE’73, GR’77) is Executive Vice President of Strategy at Lotus Development Corporation, a subsidiary of IBM. He was previously the CEO of Lotus Development, General Manager of Knowledge Management Programs for the IBM Software Group, a member of the IBM Worldwide Management Council and a member of the IBM Corporate Technology Council. He is a director of Net Objects, Inc., as well as a number of privately held firms. In 1979, Dr. Zisman founded Soft-Switch, Inc., and was CEO from 1979 through 1994, when Soft-Switch was acquired by Lotus Development. Prior to founding Soft-Switch, he served on the faculty of the Sloan School of Management at MIT.

Dr. Zisman is an acknowledged expert in information technology, specifically in the areas of electronic mail, collaboration technologies and knowledge management. He served as Director and Treasurer of the Electronic Messaging Association, and was the recipient of the Association’s first Lifetime Achievement Award.

Dr. Zisman is an overseer of Penn’s School of Engineering and Applied Science, and was previously an overseer of the University Libraries. He holds a Masters Degree in Systems Engineering from the Moore School and a Ph.D. in Decision Sciences from the Wharton School.
The Chairman commended the newly-elected trustees and was pleased that George Weiss and Edward Anderson are trustees again.

Finally, Mr. Riepe commended Rose McManus on her service as Secretary of the University, describing her as an invaluable counselor to him and to other members of the board. She has been an astute and informative guide for all of the trustees, and has guided the Office of the Secretary to a new level of professionalism. The University will miss her very much, but understands that her commitment to her family is paramount to all others. On behalf of the Board of Trustees of the University of Pennsylvania, the Chairman thanked Rose and wished her well.

III. President’s Report—Dr. Judith Rodin

A. Comments

The President echoed the chairman’s commendation of Rose McManus. Ms. McManus’ efforts on behalf of the University extend far beyond her contributions as the University Secretary, particularly to the board of trustees. Ms. McManus has extraordinary responsibility for many areas of University governance, particularly University Council, and many of the areas in which the various constituencies and segments of the University interface, including with the staff, faculty and the students. Ms. McManus holds full responsibility for all of the University’s ceremonial functions, and she has just done an extraordinary job in all of those areas. The President noted that the highly-successful Class of 2000 Commencement ceremony is a fitting tribute to Ms. McManus’ efforts—the University is still receiving compliments from graduates and parents, despite the fact that Ms. McManus could not completely control the rain. Dr. Rodin acknowledged that the University community will miss Ms. McManus enormously and commended her efforts in making the Office of the Secretary a more effective resource of the University.

The President then commented on Commencement, during which the University hosted an incredibly distinguished group of honorary degree recipients, including our very inspiring Commencement speaker, Nobel Laureate Seamus Heaney, astrophysicist John Bahcall, anthropologist Mary Douglas, constitutional scholar Ronald Dworkin, jazz artist Wynton Marsalis, and Penn’s and Philadelphia’s own former Mayor Ed Rendell. This wonderful group aroused enthusiasm among the students, faculty and participants.
In looking forward to the fall semester, one of the changes facing the University will be the stepping down of Dr. Norma Lang as our Dean of the Nursing School. The University is delighted that Dr. Neville Strumpf has agreed to serve as Interim Dean, effective September 1, to lead the School of Nursing during this time of transition.

The President presented the following resolution for approval by the Trustees.

Action……….1. A Resolution of Appreciation for Norma M. Lang, Ph.D. was approved as follows:

Dr. Norma Lang, the Margaret Bond Simon Dean of Nursing, is a world-renowned nursing leader, educator and researcher. She has served as Dean since 1992, and has been lauded for the impressive record of accomplishment the School has achieved under her leadership. Penn's School of Nursing is currently the top-funded private nursing school in federal research dollars from the NIH, and consistently ranked in the top two schools nationally by the *U.S. News & World Report* survey of graduate schools.

Dr. Lang developed a tripartite mission for Penn Nursing, integrating research, education and clinical practice. Under her eight-year leadership, the School of Nursing:

- Formed a system of centers for nursing research to focus and leverage nursing information as well as inter- and intra-disciplinary research in a program now emulated by other schools of nursing;
- Established new research centers focusing in the areas of gerontological science; women, children and families; urban health; and serious illness while reinvigorating existing centers in nursing history, health services research and nursing research;
- Acquired a major federal research grant for a new center in nursing outcomes, establishing Penn Nursing as preeminent in the field;
- Launched the Penn-Macy Institute for Academic Practice, providing other schools of nursing with a framework for establishing academic-based clinical practices modeled on Penn Nursing’s ground-breaking experience;
- Increased their endowment from $5 million in 1992 to $25 million, enabling the School of Nursing to recruit the top nursing scholars. Five additional endowed professorships were also added to the School of Nursing faculty; and
- Developed and offered an innovative, real-time distance learning Masters Program in Nurse Midwifery.

Dr. Lang’s pioneering work in identifying standards and measures to evaluate the quality of nursing care has served as a basis for nursing policy throughout the world. The Lang model for measuring and evaluating the quality of nursing care has been adopted in the U.S., Canada, Australia, and the United Kingdom.

RESOLVED, that the Trustees of the University of Pennsylvanina, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, convey their gratitude to Dr. Norma Lang for her immense contribution to Penn Nursing.
We are grateful that she will remain with us as the Lillian S. Brunner Chair in Nursing, a role in which she can touch the lives of future nursing professionals for years to come.

**Action………2.** A Resolution of Appreciation for Alfred F. Beers was approved as follows:

Mr. Beers became an Associate Vice President for Finance in January 1997. Prior to this appointment, he had served as the Comptroller of the University of Pennsylvania since December 1982. He is a Certified Public Accountant.

Before enrolling in Muhlenberg College, Mr. Beers served in the U.S Army during the Korean conflict. After completing his studies in 1960, he worked as an accountant for the General Electric Company and a major public accounting firm. He first came to the University in July 1966 as Business Manager for the Department of Medicine. Before joining the Comptroller’s Office as an Associate Comptroller in 1976, he also held the positions of Business Manager for the School of Medicine and Assistant Vice President for Health Affairs.

During his tenure as Comptroller, Mr. Beers was the chief accounting officer of an institution that significantly improved its financial position, experienced growth in both programs and complexity, and came under increased scrutiny from the general public and the government. He was instrumental in the implementation of some of the most significant changes in not-for-profit accounting standards in history. He oversaw significant improvements to the University’s financial management information systems and financial reporting. He is credited with beginning one of the first corporate tax functions in higher education - a model that has since been adopted by most of Penn’s sister institutions. He is known throughout the University as an individual of integrity, and as one who always takes the time to help a colleague.

Mr. Beers is a member of the Pennsylvania Institute of Certified Public Accountants and the National Association of College and University Business Officers (NACUBO). He has volunteered his time to NACUBO on a number of occasions over the years, and has served as a board member of the Council on Governmental Relations.

**RESOLVED**, that the Trustees of the University of Pennsylvania express their appreciation and gratitude to Alfred F. Beers for his thirty-four years of loyal and dedicated service to the University community.
A Resolution on the Appointment of Michael J. Masch as Vice President for Budget and Management Analysis was approved as follows:

RESOLVED, that Michael J. Masch be appointed Vice President for Budget and Management Analysis, effective July 1, 2000.

Mr. Masch serves as Assistant to the President of the University of Pennsylvania and Executive Director of the University’s Office of Budget and Management Analysis. As the University’s budget director, Mr. Masch is responsible for the preparation of the University’s annual operating budget, the development of the University’s five-year financial plan and the integration of the University’s operating budget with its capital program.

Mr. Masch joined the University of Pennsylvania staff in May 1996. Prior to his appointment by Penn President Judith Rodin, he served under Mayor Edward G. Rendell as Budget Director of the City of Philadelphia from 1992 to 1996.

B. Academic Report—Dr. Robert Barchi

The Provost joined President Rodin in her deep appreciation for Dean Norma Lang for her many years of leadership and service to the School of Nursing and expressed his enthusiasm for the appointment of Dr. Neville Strumpf as Interim Dean of the School of Nursing. Dr. Strumpf is an example of a triple threat: a researcher, a clinician and a teacher. Dr. Strumpf also has extensive experience at Penn as an administrator, and Dr. Barchi is confident that she will do an outstanding job during this transition period. The Provost also was pleased to announce that Dr. Rodin and he have finalized the dean search committee for the School of Nursing, which will be chaired by Dean Susan Fuhrman.

In its continued effort to improve and better coordinate its academic advising services, the Office of the Provost recently appointed Dr. Larry Gladney, associate professor of physics, as faculty advisor for Academic Support Services. Dr. Gladney will work closely with the Department of Academic Support Programs in developing strategies to provide high quality advising services to students. This new position was created to ensure a strong connection between academic support programs and Penn’s faculty. Dr. Gladney will also work closely with Deputy Provost Peter Conn and with the Council of Undergraduate Deans (CUD) to ensure that the Academic Support Services work in concert with the four undergraduate schools.

Last November, the Provost asked Deputy Provost Conn to convene a group known as the Provost’s Council on Arts and Culture. The mission of the council is to find opportunities for collaboration among Penn’s arts and culture organizations, including the University Museum, the ICA, the Arthur Ross Gallery, the Annenberg Center, the Kelly Writer’s House, WXPN-FM and the Penn Humanities Forum. Given their many common goals and challenges, these resource centers can all benefit from finding and exploiting synergies among them. In its first year, the council developed a number of important initiatives, including: the establishment of a Penn Arts Line, a phone number that will provide callers with up-to-date information about events and
exhibits at the University’s Arts and Culture venues; the design of an evening of arts and culture to be held during new student orientation; the creation of a brochure for distribution to new students and at local hotels that highlights arts and cultural organizations at Penn; and the selection of a student advisory group to be convened next fall that will assist the council in its work. The council has ambitious plans for next year as well, and Dr. Barchi looks forward to sharing more about its work and some of its ideas during upcoming trustee sessions.

The Provost reported on the progress of Phase II of the enormously popular Rosengarten Undergraduate Study Center in the Van Pelt-Dietrich Library. Due to the generous contributions of library overseer, Bernard Goldstein, the study center, one of the most popular study centers on campus, will reopen during the fall 2000 semester.

The Provost presented the following resolutions for approval by the Trustees.

Action........1. A Resolution to Revise the Definition of Clinical Appointments to the Associated Faculty and Academic Support Staff in the School of Medicine was approved as follows:

The current definition concerning Clinical Faculty in the Associate Faculty and Clinical Associates in the Academic Support Staff requires that these individuals' professional careers be independent of the University. However, since the University of Pennsylvania Health System's (UPHS) acquisition of Presbyterian, Pennsylvania and Phoenixville hospitals, these individuals are at sites that are now part of the University's health system and dependent on the University. The proposed revision is intended to recognize that faculty in these two categories who work at sites other than the location of their department need not be primarily independent of their University affiliation and may hold appointments as Clinical Faculty or Clinical Associates.

The Standing Faculty of the School of Medicine, the Dean, the Senate Executive Committee, and the Provost have approved the proposed revision.

RESOLVED, that the language concerning clinical appointments to the Associated Faculty and Academic Support Staff in the School of Medicine be modified to include the following statement:
The professional careers of the Clinical Faculty in the School of Medicine need not be primarily independent of their University affiliation but at least 80% of their practice must be at locations other than the primary practice site(s) of their respective departments.

The professional careers of the Clinical Associates in the School of Medicine need not be primarily independent of their University affiliation but at least 80% of their practice must be at locations other than the primary practice site(s) of their respective departments.

Action………2. A Resolution to Revise the Definition of Clinical Appointments to the Associated Faculty and Academic Support Staff in the School of Nursing was approved as follows:

The current definition concerning Clinical Faculty in the Associate Faculty and Clinical Associates in the Academic Support Staff requires that these individuals' professional careers be independent of the University. Several years ago, the School of Nursing established the Penn Nursing Network to serve patients in the West Philadelphia community as well as to develop research and provide students with hands-on experience. The School of Nursing now would like to consider appropriately credentialed staff in the Network for clinical appointments in the school. The proposed revision in the language would permit inclusion of qualified professionals whose careers are in University-owned clinical practices.

The Standing Faculty in the School of Nursing, the Dean, the Senate Executive Committee, and the Provost have approved the proposed revision.

RESOLVED, that the language concerning clinical appointments to the Associated Faculty and Academic Support Staff in the School of Nursing be modified to include the following statement:

The professional careers of the Clinical Faculty in the School of Nursing need not be primarily independent of their University affiliation, and may be in university-owned clinical practices.

The professional careers of the Clinical Associates in the School of Nursing need not be primarily independent of their University affiliation, and may be in university-owned clinical practices.
Action………..3. A Resolution to Redefine Practice Professorships in the Graduate School of Fine Arts was approved as follows:

Three years ago, the Trustees agreed to extend the title of Professor of Practice to the Graduate School of Fine Arts. Such professorships were limited to four Full Professors of Practice (one in each department) for a term of five years, renewable for not more than a single additional five year term. These professorships have enabled the school to recruit truly outstanding national and international practitioners, adding immeasurably to its resources and prestige. The school now wishes to expand the Practice Professorships to include the rank of Associate Professor of Practice, which would be accorded to rising stars with regional rather than national or international reputations. It also wishes to increase the number of practice faculty that can be appointed. Such actions would allow the school to attract and retain outstanding professionals who wish to combine teaching with vigorous and critical practice.

The Standing Faculty of the Graduate School of Fine Arts has approved the redefinition of practice professorships in the school to include the establishment of the rank of Practice Associate Professors as well as the expansion in the number of practice faculty to be appointed; this redefinition also has been approved by the Dean of the School, the Senate Executive Committee, and the Provost.

RESOLVED, that there shall be established in the Graduate School of Fine Arts the rank of Associate Professor of Practice.

FURTHER RESOLVED, that the number of appointments to the practice faculty in the Graduate School of Fine Arts shall be limited to no more than 30% of the standing faculty in the school, and the number in each department may not exceed the number of standing and practice faculty in that department.

Action………..4. A Resolution on Appointments, Leaves, and Promotions, as presented on pages 37-64 of the meeting book, was approved.

C. Financial Report—Mr. John Fry

The financial report for FY 2000, through April 30, 2000, for the University and the Health Services Component.

For the University, for the ten-month period ending April 30, 2000, the University’s net assets decreased by $3.1 million to a total of $4.3 billion. This decrease can be mainly attributed to a net loss on investments of $153 million, offset by non-operating contributions of $141 million. The loss on investments is comprised of realized gains of $82 million and an unfavorable adjustment of fair value of $235 million. This represents an approximate 5.4 percent decline in the fair value of the University’s investments since June 30, 1999. The FY 2000 results are due in large part to our domestic equity position and the efforts to restructure the
University’s asset allocation in order to improve our investment and returns continue aggressively.

The University increased its plant assets net of depreciation by $138 million since June 30, 1999. This is primarily the result of expenditures incurred for Perelman Quad, Sansom Common, Huntsman Hall, the Hamilton Square Garage, the Quadrangle renovations, and the new Chiller Plant.

Since June 30, 1999, there was a deferred income of approximately $51 million, which is entirely attributable to student tuition and fees that will be recognized as revenue over the remainder of the fiscal year.

Through the ten months of FY 2000, the University has recorded an operating surplus of $4.7 million, compared to a $19.3 million surplus at April 30 1999. Overall, operating revenue increased by almost 9 percent over the comparable period last fiscal year. Tuition and fees increased approximately 6 percent, reflecting the tuition rate increase, a slight increase in the number of students enrolled, and increases in other special program revenue.

The University continues to see significant increases in the operating revenues derived from sponsored programs. Sponsored programs revenue, including indirect costs recovery, increased 12.5 percent over the comparable period in FY 1999 to approximately $370 million. This increase reflects the continuing trend that the University has seen over the last several years in the number of new sponsor program awards received. Overall, expenditures increased 10.5 percent, primarily due to increased sponsor program activities.

While we are still concerned about the School of Medicine’s finances, we are not anticipating any other significant variances from planned budgeted performance for any of the other schools or resource centers.

For the Health System, for the 10-month period ending April 30, 2000, the Health Services Component of the Health System had a loss from operations of $17.3 million, including non-recurring charges of $6.7 million. The loss from operations, before non-recurring charges, was $265,000 unfavorable to budget. This result was due in part to lower-than-anticipated patient volume, offset by $26.7 million of third-party settlements, and for disproportionate share and risk contracts. After accounting for non-operating revenue and before the adjustment to fair value, the Health Services Component had an overall excess of revenue over expenses of $11.2 million, which is almost $3.1 million less than budget. Since, June 30, 1999, operating and capital cash has decreased by almost $81 million, primarily due to payments of accounts payable, continued difficulty with patient receivables, severance payments, and a reduction in the amount owed to the University.

D. Health System Report—Dr. Peter Traber

Dr. Traber reported on the University of Pennsylvania Health System, which includes the health services component and the School of Medicine. In health services, the Health System continues to effect its successful financial recovery plan and engage in a strategic planning
process for long-term viability of the Health System. The School of Medicine continues its excellence in education and research programs, and, in support of those programs, the development campaign has raised $581 million as of May 31, thus closing in on its target of $600 million.

Dr. Traber presented the following resolution for approval by the Trustees.

Action.........1. A Resolution on the Credentialling Approval Process Redesign and Creation of and Delegation to the Credentials Appointment Subcommittee was approved as follows:

**Current Process:** The University of Pennsylvania Health System currently has delegated credentialling agreements with the managed care companies with which it has contracts. A delegated agreement is an agreement by which a managed care company has examined and is assured that the quality of an institution’s medical staff credentialling review process is of such a high caliber that it will accept that institution’s process rather than require the physicians be credentialled through the managed care company’s own process. The delegated credentialling agreements necessitate that all physicians with medical staff privileges in the Health System be credentialled through the Hospital of the University of Pennsylvania (HUP) medical staff credentialling process. The HUP Office of Medical Affairs data base is the driver that enables the Health System to electronically transmit a credentialled physician’s profile to a managed care company, indicating that the physician’s credentials have been reviewed and approved through the stringent HUP review process.

**Time Frame:** The typical time frame for a complete physician credentials file to go through the HUP credentialling process is currently six weeks. (HUP Credentials Committee meets once a month; HUP Medical Board meets once a month, the week after Credentials Committee; and then the Health System Trustee Board Executive Committee meets within the following month.) Occasionally, in order to expedite this process “temporary privileges” may be granted to a physician. HUP “temporary privileges” are privileges that are granted after all of the necessary documentation required for the Credentials Committee to consider the application for appointment are gathered. The file is then reviewed and approved by the HUP Executive Director and the Corporate Director for Medical Affairs and Graduate Medical Education. The process for granting “temporary privileges” is the exact process that all candidates for privileges undergo and is no less rigorous.

In order to resolve the issue of managed care companies not accepting the “temporary privileges” category and to streamline the timeframe for the HUP credentialling process cycle from six weeks to one week, while meeting regulatory requirements, the following is proposed:

**Redesigned Process:**
1. **Credentials Committee:** HUP Credentials Committee will consist of four subcommittees that meet every four weeks on a rotating schedule, thus, one of the subcommittees will be meeting each week. They will continue with the same process of reviewing and recommending the appointment applications for approval by the Medical Board. Each subcommittee will be delegated full authority to act on behalf of the Credentials Committee.

2. **Medical Board Approval:** The Medical Board has delegated its authority to a Medical Board Credentials Review Subcommittee, which will consist of the Chair of the Medical Board, the Chair-Elect, and the Second Vice-Chair. The function of the Medical Board Credentials Review Subcommittee will be to review and act upon (approve or reject) the Credentials Committee subcommittee’s recommendations.

3. **Trustee Approval:** The Executive Committee approves appointments to the Medical Staff at HUP consistent with Sections 4.2.1.2., 6.1, and 6.2 of the Health System Bylaws. Pursuant to Section 4.1.1, the Executive Committee may delegate its authority to a subcommittee. Accordingly, the Health System Board Executive Committee intends to create a new subcommittee, a Credentials Appointment subcommittee, which shall consist of a member of the Health System Board Executive Committee, and to delegate its authority to approve appointment applications for HUP medical staff privileges to this subcommittee. Once a week, after the Credentials Committee Subcommittee and the Medical Board Subcommittee review, approve and recommend the physicians for medical staff privileges, the Credentials Appointment subcommittee will receive the files for review and approval. The credentialling process will then be complete. The subcommittee’s actions will be brought for information purposes to the next regular Executive Committee meeting.

The Health System Trustee Board Executive Committee has recommended to the Trustees establishing the Credentials Approval Subcommittee of the Executive Committee with delegated authority to review and approve HUP medical staff appointments.

**RESOLVED,** that the recommendations of the University of Pennsylvania Health System Trustee Board Executive Committee be and the same are hereby authorized and that the Credentials Approval Subcommittee of the Health System Trustee Board Executive Committee shall be established consisting of a member of the Health System Trustee Board Executive Committee; such subcommittee shall be authorized to review and approve the recommendations of the HUP Credentials Committee and HUP Medical Board for HUP medical staff appointment; and the Chief Executive Officer/Interim Dean of the Health System or other appropriate officers and the Chair of the Executive Committee be and hereby are authorized to take such actions, execute such documents and incur such expenses and obligations as may in their judgment be necessary or desirable to accomplish the purposes of the resolution.
Dr. Rodin congratulated Dr. Barchi, Mr. Fry and Dr. Traber for their overall work this very challenging year.

E. Admissions Report—Dean Willis Stetson

Dean Stetson reported that the University received an all-time high number of applications this year, approximately 19,000 applications, which is a 6.5 percent increase over last year. With this increase in applications, the admissions rate dropped to 22 percent, from 26 percent last year, and to 19 percent during regular decisions. The yield, those that accepted the offer, is 56 percent, up from last year’s 53 percent, producing a class size of about 2350 students. We admitted 400 fewer students this year because of our over enrollment situation last year and the significant yield increase from the previous year. Following are some current statistics regarding the incoming class: 42 percent of the class was admitted upon early decision (all-time high); all 50 states are represented; 229 students are from California, 59 from Texas and 67 from Florida, which demonstrates a nice growth in those areas around the country; 10 percent of the students are from the international community (Penn is a leader in this area); 48 students are Merit Scholars, up from 44 Merit Scholars last year; up to 12 percent of the class is alumni-related, up from 9 percent last year; 49 percent of the students are women; and the minority population is at about 37 percent, at about last year’s level, with an increase in African-American and Hispanic students. The overall classroom performance of the incoming class was exceptional, as it has been in recent years, and increased to the 98th percentile average in school performance; likewise, SAT scores went up 4 points, to an all-time high of 1392, and the SAT 2, an increasingly important measure, is just short of 700. The students will bring a great deal of energy and potential to the University.

IV. Committee Reports

A. Academic Report—Dr. Donald Langenberg

Dr. Langenberg reported that the Academic Policy Committee unanimously approved the three resolutions presented by Dr. Barchi for approval by the Trustees.

The committee focused primarily on Intellectual Property, a topic of major concern to universities across the country. In a presentation to the committee, Provost Barchi explained that, although Penn has a copyright policy and a software policy, neither is adequate for dealing with the new electronic environment, which has raised new issues of ownership, distribution and licensing rights, i.e. Who owns what? A faculty and administrative committee has spent the better part of the year developing a revised copyright policy (it also will incorporate the University’s policy on software) that it hopes will answer that question. The proposed policy affirms the custom that creators of intellectual property own the copyright to works resulting from their research, teaching and writing. It does, however, provide for exceptions: works made for hire; works carried out under sponsored research agreements that require the University to own the copyright; and works that make substantial use of university resources. The policy also
proposes that where there are revenues to be derived, that they be shared in the same way the patent policy calls for—by the creator, the department, the school, and a copyright fund. Most importantly, the policy talks about commitment of effort. A faculty member’s primary commitment in teaching and research is to the University of Pennsylvania. Any teaching, research or other activity in which a faculty member’s department or school is actively engaged, independent of medium, must have the prior approval of the dean. Activities covered by this restriction must have the explicit approval of the school faculty and dean. Finally, the proposed policy calls for establishing a faculty committee to settle disputes about these issues, as well as for a periodic review of the policy itself. Hence, a lively discussion ensued within the committee about the many issues raised, and it looks forward, with interest, to the final version of the policy.

B. Audit & Compliance—Mr. Paul Kelly

The Audit and Compliance Committee focused on a number of matters. In this regard, the committee reviewed and approved an updated statement of responsibilities and duties to be presented to the Chairman of the Board of Trustees. In addition, the committee reviewed and approved a restatement of the charter of the Office of Audit and Compliance. Also approved was the proposed work plan for the Office of Audit and Appliance for Fiscal Year 2001, presented by Vice President for Audit and Compliance, Rick Whitfield. At the committee’s request, Vice President for Finance and Treasurer Craig Carnaroli presented an analysis of the proposed new Securities and Exchange Committee (SEC) regulations on selective disclosure of financial information, and he presented suggested guidelines which the University and the Health System should adopt to ensure compliance with the spirit of the new proposed regulations. The committee unanimously endorsed the adoption of the guidelines presented for the University and the Health System. In addition to the aforementioned actions taken, Rick Whitfield, representing the Office of the Executive Vice President, led a discussion presentation focusing on actions which the University, to date, has taken to improve accountability and risk compliance functions and recommendations for possible future actions in this regard. The committee intends to continue to address these important structural compliance matters in the coming fiscal year.

C. Budget and Finance—Mr. James Riepe

Mr. Riepe presented the report of the Budget and Finance Committee in absence of the committee chair, Mr. Lawrence Weinbach. The committee held an executive session to discuss a number of issues and then had an open session during which it thoroughly reviewed the proposed operating and capital budgets for both the University and the Health System.

Mr. Riepe presented the following resolutions for approval by the Trustees, all of which were approved by the Budget and Finance Committee.

Action............1. A Resolution on the Design and Construction of an Anesthesia Laboratory on the Third Floor of the John Morgan Building for the School of Medicine was approved as follows:
The School of Medicine wishes to proceed with the design and construction of an Anesthesia Laboratory, providing for the growth and consolidation of the department into the John Morgan building. This consolidation will allow the department to relocate its researchers into one central location to increase the efficiency of their programs and maximize communications between researchers, as well as enable more appropriate use of other spaces currently occupied by the Department of Anesthesia. In this location, the Anesthesia researchers will be adjacent to other departments with which it collaborates and shares resources on a regular basis, including IHGT Animal Models Core, which occupies the west-end of the third floor, and the Department of Biochemistry-Biophysics in the adjacent Anatomy Chemistry. Approximately 10,100 gross square feet of the 3rd floor will be renovated. The project is estimated to cost $3.3 million and will be funded by a capital funding transfer from designated investment income fund, the Anesthesia quasi-endowment fund.

RESOLVED, that the design and construction of an Anesthesia Laboratory within the John Morgan Building for the School of Medicine, estimated to cost $3.3 million, be and the same hereby approved, and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #1

Action……….2. A Resolution on the Design and Construction of a Catheterization/Angiographic Laboratory in BRB II/III for the School of Medicine was approved as follows:

The School of Medicine wishes to proceed with the design and construction of a Catheterization/Angiographic laboratory, providing for increased industry and investigator-sponsored research. Industry sponsors will be more likely to perform studies at a center with Good Lab Practice (GLP) status. In turn, the increase in studies will allow for more investigator-sponsored research while providing the opportunity for Cardiology fellows to learn techniques of cardiac catheterization and angioplasty in animals. It is anticipated that the laboratory will also be used as a training site for new techniques in interventional cardiology, thereby attracting sponsorship from catheter companies. Interventional Radiology is the fastest growing clinical area in radiology and requires a special research underpinning to develop and test new devices, materials and procedures. The National Cancer Institute has recognized this opportunity and need and has earmarked several funding mechanisms for research in image guided therapy. Approximately 1,700 gross square feet of surgical space will be renovated. The project is estimated to cost $1.2 million and will be funded by capital funding transfers from two
sources: $1.0 million from School of Medicine special purpose funds (derived from a Philadelphia Heart Institute Restricted Endowment), and $200,000 from the Department of Radiology’s Newcombe Fund.

RESOLVED, that the design and construction of a Catheterization/Angiographic laboratory within the BRBII/III Building for the School of Medicine, estimated to cost $1.2 million, be and the same hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #2

Action………..3. A Resolution on the PennNet Diversification 21 Project—Network Aggregate Point - Phase II was approved as follows:

The Department of Information Systems and Computing (ISC) wishes to proceed with the multiple components of the second phase of the PennNet 21 Diversification Project to address the single source of failure that currently exists in the entire PennNet data network. Currently, all PennNet traffic must pass through the only Network Aggregate Point (NAP) located in College Hall. In the event of a failure at this location all University reporting and computing would be affected. This project seeks to enhance the University’s capacity for future expansion of the PennNet system as well as prepare to support the ongoing capital expansion of the University from a data perspective. This multi-phase project shall include a feasibility study to aid in the design of a network that ensures short-term and long-term reliability, security and performance. The project funding will also provide for an upgraded, interim network aggregate point in DuBois College House as well as the engineering and construction of the pathway required for connectivity among the new network points. The project is estimated to cost $2.6 million. A capital funding transfer of $419,000 will be made from ISC’s center specific general purpose fund to match projected spending each year. This phase includes the purchase and installation of servers, routers, and communications cabling, will be managed entirely by ISC and will be funded directly by ISC’s operating budget.

RESOLVED, that the second phase of the PennNet 21 Diversification Project, estimated to cost $2.6 million, be and the same hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to
the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #3

Action………..4. A Resolution on the Design and Construction of the GE Building Track Level Fitout for Office of Environmental Health and Radiation Safety (EHRS) was approved as follows:

The Office of the Provost wishes to proceed with the design and contraction for the fitout of space in the GE Building Track Level for the Office of Environmental Health and Radiation Safety (EHRS). The fitout is intended to provide renovated administrative space for EHRS in the GE Building and will be comprised of approximately 8,800 square feet of offices, conference rooms, and central support space. The project is estimated to cost $1.6 million and will be funded through a capital funding transfer from the Provost’s Center. These funds were provided to the Provost’s Center from the general University special fund.

RESOLVED, that the design and construction of the GE Building Track Level Fitout for EHRS, estimated to cost $1.6 million, be and the same hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take actions, execute such contracts and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #4

Action………..5. A Resolution on the Renovation of Carriage House for Student Uses was approved as follows:

The Office of the Vice Provost for University Life, Student Services, wishes to proceed with the design and construction of the renovation of the Carriage House located at 3905 Spruce Street rear. The project will provide for the comprehensive renovation of the building in order to expand the space for student uses. This proposed renovation will provide dedicated space on campus to serve students, staff, alumni, and the general PENN community and neighborhood. This project will involve total interior renovation, exterior restoration including new MEP systems and revised layout of interior spaces. The entire façade will be rehabilitated, including roofing repair, window replacement, doors, and masonry repair. The project is estimated to cost $2.2 million and is to be funded from donor contributions and through a gift campaign. An internal capital project
loan will be sought to cover interim costs and will be reduced to the extent that gifts are secured during the project.

**RESOLVED,** that the design and construction for the Renovation of the Carriage House for Student Uses, estimated to cost $2.2 million, be and the same hereby are approved and that the Executive Vice president or other appropriate officers of the University, be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #5

**Action**………..6.  **A Resolution on the Design and Construction of the Charles Addams Fine Arts Hall Façade Replacement** was approved as follows:

The Graduate School of Fine Arts wishes to proceed with the design and construction for the replacement of the existing Charles Addams Fine Arts Hall façade. The replacement is intended to enhance the exterior appearance of the building and create a strong visual presence at 36th and Walnut. The essence of the work is the removal of the original windows and marble panels and replacement with a glass curtainwall system. The new curtainwall system will be installed on the north, south, and east elevations of the building. The project is estimated to cost $2.0 million and will be funded through an Internal Capital Project Loan to be repaid by the Graduate School of Fine Arts. Central University Support will be provided to the School for the repayment of the loan.

**RESOLVED,** that the design and construction of the Charles Addams Fine Arts Hall façade replacement, estimated to cost $2.0 million, be and the same hereby approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take actions, execute such contracts and incur such expenses and obligations – not, however, in excess of 110 percent of the estimated cost as presented to the Budget and Finance Committee – as may, in their judgement, be necessary or desirable to accomplish the purposes of this resolution.

6/16/00 – #6

**Action**………..7.  **A Resolution on Approval of the Sale of University of Pennsylvania Health System Real Estate Located at 2085 N. 63rd Street, Philadelphia, Pennsylvania** was approved as follows:
The Trustee Board of Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) proposes to sell real estate located at 2085 N. 63rd Street, Philadelphia, Pennsylvania (the “Property”). The Property and the general terms and conditions for the sale of the Property are described on the “Terms and Conditions Summary” attached to this Consent.

**RESOLVED**, that the CCA is hereby authorized to sell the Property substantially on the general terms and conditions set forth on the “Terms and Conditions Summary”, and to negotiate, execute, deliver, and perform definitive agreements regarding the transactions described on the “Terms and Conditions Summary”, with such additional terms and changes as the Senior Executive or the Executive Director and each of them considers appropriate and in the best interest of CCA; and

**FURTHER RESOLVED**, that the Budget and Finance Committee of the Trustees of the University of Pennsylvania approves that the Senior Executive or the Executive Director of the University of Pennsylvania Health System, and each of them is hereby authorized in the name and on behalf of CCA, to take such further action and to negotiate, execute, deliver, and perform such agreements and additional documents, consents certificates, and instruments as such officer may determine to be necessary, appropriate or desirable to carry out the purposes of the foregoing resolutions, such determination to be conclusively evidenced by taking of such action or the execution of such documents.

6/16/00 – #7

CLINICAL CARE ASSOCIATES OF THE UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM

SALE OF REAL ESTATE LOCATED AT 2085 N. 63RD STREET, PHILADELPHIA, PA

Clinical Care Associates has reached an agreement of sale on its medical office building in Philadelphia, Pennsylvania. This medical office building was purchased in 1995 and was planned to house a medical office and satellite of the School of Dental Medicine. Initially it served as the location of PENNCare – Overbrook. The medical practice was disbanded and the office has been vacant since November 1999.

The agreement of sale is for $775,000. CCA Senior Management recommends the acceptance of this offer for the following reasons:

- The sale price is 103% of the appraised value of $750,000;
Despite being on the market for almost 8 months, this is the first offer received and the buyer has another suitable location available down the street; and

The dental school lease arrangement will remain intact.

The agreement of sale is contingent upon Health System and University approvals as required by the respective By-laws.

Kevin B. Mahoney  May 31, 2000

**Action………8.** A Resolution Authorizing the Fiscal Year 2001 Operating Budget for the University of Pennsylvania was approved as follows:

The Trustee Budget and Finance Committee has reviewed the operating budget proposed for the University of Pennsylvania for Fiscal Year 2001 and recommends its approval. **RESOLVED,** that the operating budget for the University of Pennsylvania for Fiscal Year 2001 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

6/16/00 – #8

**Action………9.** A Resolution Authorizing the Fiscal Year 2001 Capital Plan for the University of Pennsylvania was approved as follows:

The Trustees' Budget and Finance Committee has reviewed and recommends for approval the Capital Plan proposed for the University of Pennsylvania for Fiscal Year 2001, representing estimated project costs of $187.8 million, as follows (by funding source):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School &amp; Center</td>
<td>$12.0 million</td>
</tr>
<tr>
<td>Gifts &amp; Grants</td>
<td>$63.4 million</td>
</tr>
<tr>
<td>Capital Funding Transfer</td>
<td>$60.0 million</td>
</tr>
<tr>
<td>Internal Capital Loan</td>
<td>$5.4 million</td>
</tr>
<tr>
<td>Research Facilities Development Fund</td>
<td>$1.7 million</td>
</tr>
<tr>
<td>Facilities Renewal Fund</td>
<td>$7.0 million</td>
</tr>
<tr>
<td>Other Funding Sources</td>
<td>$38.3 million</td>
</tr>
</tbody>
</table>

Each project within the Capital Plan costing $250,000 or more will be approved individually by Capital Council. In addition, each project within the Capital Plan costing $1 million or more will be presented to the Board of Trustees' Budget and Finance Committee for approval.
RESOLVED, that the Capital Plan for the University of Pennsylvania for Fiscal Year 2001, representing estimated project costs of $187.8 million, recommended by the Board of Trustees' Budget and Finance Committee be and the same hereby is approved.

6/16/00 – #9

Action………10. A Resolution Authorizing the Fiscal Year 2001 Operating Budget for the University of Pennsylvania Health System—Health Services Component was approved as follows:

Management recommends approval of the fiscal year 2001 Operating Budget for the University of Pennsylvania Health System – Health Services Component, as presented to the Health System Executive Committee. The Operating Budgets for the Clinical Care Associates, Pennsylvania Hospital, Phoenixville Hospital and Presbyterian Medical Center have been reviewed by their respective Trustee Boards, whom have recommended them for approval.

RESOLVED, that the University of Pennsylvania Health System Trustee Board Executive Committee recommends to the University of Pennsylvania Budget and Finance Committee that the fiscal year 2001 Operating Budget of the University of Pennsylvania Health System – Health Services Component be approved.

6/16/00 – #10

Action………11. A Resolution Authorizing the Fiscal Year 2001 Capital Budget for the University of Pennsylvania Health System—Health Services Component was approved as follows:

Management recommends the establishment of the Fiscal Year 2001 consolidated University of Pennsylvania Health System (UPHS) – Health Services Component capital authorization for $78.8 million, as itemized in the capital budget assumptions of the budget presentation.

Of this amount, $74.4 million is required for new, internally funded projects and items that will be internally funded by a combination of cash from operations, debt or off-balance sheet financing. Although debt and off-balance sheet financing are both under consideration, for budget purposes UPHS assumed that $20 million in new capital projects would be debt financed. The debt authorization is contingent upon a favorable review of our credit by the rating agencies. Alternatively, we will limit capital spending or fund the capital through additional operating funds.
In addition to the internally funded projects, $4.4 million will be required for projects that will be funded from externally restricted donations.

**RESOLVED,** That the University of Pennsylvania Health System Trustee Board Executive Committee recommends to the University of Pennsylvania Budget and Finance Committee the establishment of the Fiscal Year 2001 consolidated UPHS – Health Services capital authorization for new capital projects and items in the amount of $78.8 million to funded by a combination of cash from operations, debt, off-balance sheet financing and restricted donations.

6/16/00 – #11

**VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions**

**Capital Budget Highlights**

The following are the highlights of the FY 2001 Capital Budget authorization:

**Internal and External Capital Authorization**

- The full FY 2001 Capital Budget requested authorization is $78.8 million. This includes authorizations for newly approved capital projects that will be funded by both internal (unrestricted) and external (restricted) funds.

- $74.4 million in new authorizations are required for projects that will be internally funded by a combination of cash from operations, debt or off-balance sheet financing. Although debt and off-balance sheet financing are under consideration, for budget purposes we have assumed that $20.0 million in new capital projects will be debt financed. Although we are seeking additional authorization of debt, this authorization is contingent upon a favorable review of our credit by the rating agencies. Alternatively, we will limit capital spending or fund the capital through additional operating funds.

The categorization of the internally funded projects that will be started in FY 2001 are as follows:

<table>
<thead>
<tr>
<th>(Dollars in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Code Correction</td>
</tr>
<tr>
<td>Patient Critical</td>
</tr>
<tr>
<td>Items Justified by Return on Investment:</td>
</tr>
<tr>
<td>Code Green Cash Enhancement</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Ambulatory Care Building – Design Only</td>
</tr>
<tr>
<td>Miscellaneous Items Less Than $250,000</td>
</tr>
<tr>
<td>Contingency</td>
</tr>
<tr>
<td><strong>Total New Authorizations</strong></td>
</tr>
</tbody>
</table>

- An additional $4.4 million will be required for projects that will be funded from externally restricted donations. The funding source of the externally funded projects that will be started in FY 2001 are the following:
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

(Dollars in millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Capital Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antique Show Proceeds</td>
<td>$2.3</td>
</tr>
<tr>
<td>Board of Women Visitors Proceeds</td>
<td>0.3</td>
</tr>
<tr>
<td>TYCO – Surgical Services Research and Education</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td><strong>4.4</strong></td>
</tr>
</tbody>
</table>

D. Capital Budget Highlights (continued)

- The total budgeted increase in plant, property and equipment for internally and externally restricted funded capital is $82.6 million as follows:

  (Dollars in millions)

  - FY 2001 Impact of New Authorizations for FY 2001 $44.6
  - Carry Forward from Prior Years $33.8
  - Restricted $4.2
  - **$82.6**

Strategic Alliance Program

- Not included in the above authorization is a separate Strategic Alliance Program which is currently under development.

- Under this program, up to an additional $15.0 million in capital authorizations would be sought for FY 2001; principally for outpatient radiology and radiation oncology equipment.

- Prior to seeking authorization, the various financing options and financial analysis must be completed.

- It is anticipated that a combination of off-balance sheet financing or reduction of operating expenses will be the funding source of this equipment.

In the following pages is a more detailed itemized summary of the capital budget along with narratives of projects that exceed $500,000.
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

**Itemized Summary of Capital**

<table>
<thead>
<tr>
<th>Code</th>
<th>Category</th>
<th>Description</th>
<th>$ in 000's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Internally Funded:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Code Correction:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Build Widener Shell at PAH</td>
<td></td>
<td>5,400</td>
</tr>
<tr>
<td></td>
<td>2. Relocate Apheresis at HUP</td>
<td></td>
<td>1,300</td>
</tr>
<tr>
<td></td>
<td>3. Home Care Information System</td>
<td></td>
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<td>1. Clinical Data Repository and Order Communications System at PMC</td>
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<td>4. Instrument Processing Decompression at HUP</td>
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<td>1. Optical Disk Storage for Corp Finance</td>
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<td>2. Enterprise Radiology Information System - Supplement</td>
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<td>1. Lawson Suite Excluding HRIS</td>
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<td>2. EPS Lab Renovation and Equipment at HUP</td>
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3. Management Decision Support System &middot; 7,171
4. Expand Orthopedics Clinical Practice Suite at PMC &middot; 4,759
5. CAT Scanner at PAH &middot; 1,800
6. Cath Lab Renovation at PMC - Final Phase &middot; 1,700
7. CT Simulator at HUP &middot; 1,500
8. Other < $500,000 &middot; 1,300

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Total Internally Funded &middot; 74,415

- **Externally Funded:**
  1. 1999 Antique Show – Otolaryngology Consultation Center &middot; 658
  2. 2000 Antique Show – Geriatrics Program &middot; 650
  3. Other < $500,000 &middot; 3,092

Total Externally Funded &middot; 4,400

Total Capital Authorization &middot; $78,815
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

Internally Funded

Code Correction:
1. **Build Widener Shell at PAH**  
   $5,400,000  
   The project is the first phase of a three year, $15.0 million project to replace code deficient and operationally dysfunctional intensive care units at Pennsylvania Hospital. The first phase involves construction of a shell for two floors on the Widener Building. The new floors will provide the space needed to construct code compliant intensive care rooms and suitable space in later phases of the plan.

2. **Relocate Apheresis at HUP**  
   $1,300,000  
   The project is for the relocation of the current Apheresis area at HUP to address the inadequacy of the current space. Current patient flow is restricted due to the limited capacity and the patient density and intense equipment care needs leaves very little room between patients causing a liability issue. Also, limited space between beds limits the room needed by code teams to gain access for treatment of patients during an emergency.

3. **Home Care Information System**  
   $570,000  
   A new information system is critical for Penn Care at Home to address changes in the Medicare reimbursement system for home health agencies as it changes from a cost-reimbursed system to a Prospective Payment System (PPS). This change, which becomes effective in October, 2000, requires a software system to enable Home Care to complete PPS budget modeling and forecasting, in addition to calculating revenue and billing Medicare in accordance with the new regulations.

Patient Critical:
1. **Clinical Data Repository and Order Communications System at PMC**  
   $2,900,000  
   This is for the implementation of the Eclipsys Sunrise and Clinical Data Repository that would provide a physician-oriented, order entry/communication, results reporting, clinical documentation and clinical data repository suite. This system is critical for PMC to continue to meet Joint Commission standards for patient care documentation and communication.

2. **Migration of TDS 7000 to Eclipsys Sunrise at HUP**  
   $2,400,000  
   This funding is for the migration from TDS 7000 to Eclipsys Sunrise to provide an improved GUI interface, rules and event monitoring, and on-line clinical documentation. This system is critical for HUP to continue to meet Join Commission standards for patient care documentation and communication.
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

Patient Critical: (continued)

3. Merlin Bedside Monitors and Central Station at HUP  $1,100,000
   Existing bedside monitoring and central station equipment has reached the end of its useful
   life and parts are no longer manufactured. Clinical Engineering believes that they will only
   be able to support the current equipment for one more year at a maximum.

4. Instrument Processing Decompression at HUP  $900,000
   This project provides funding for a limited fix to the current instrument processing space
   constraint problem. Using Pennsylvania Hospital as a benchmark, the HUP operating room
   does significantly more operations with only 1/8 as much instrument processing space. A
   permanent fix will require extensive redesign and construction
   and will be funded as part of future. This limited fix is the first priority of the operating room
   since the space crunch is severely impacting the instrument flows for cases and is creating
   intolerable working conditions. The plan involves creating limited blowout space by
   removing adjacent offices and other physical barriers and moving inhabitants to less central
   areas.

5. Stereotactic Radiosurgery System at HUP  $500,000
   Stereotactic radiosurgery is a process whereby radiation treatments are delivered to a sub-
   millimeter level. This degree of accuracy is required for deep-seated tumors located in and
   around critical structures, i.e. the eye, spinal cord, brain, etc. The new system will provide
   the Department with the capability to utilize new and combined imaging modalities,
   including PET, CT and MRI imaging. This will improve the Department’s ability to localize
   the target volume thereby increasing the accuracy with which the dose can be delivered. The
   new system is also a key component which will enable the Department to provide Conformal
   Radiotherapy which is currently offered at Thomas Jefferson, Fox Chase and many
   community-based radiotherapy centers.

ROI - Code Green:

1. Optical Disk Storage for Patient Accounting  $800,000
   Ability to optically store all bill images, remittance advices, admission sheets, Medicare
   questionnaires, referrals, patient correspondence, etc. All information would be accessible
   via P.C. or workstation. Benefits include complete online account access regardless of
   physical location (Call Center, Business Office, back-end billing area) and eliminates the
   need to access paper patient files, paper remittances, microfiche or the filing of
   patient/insurance letters with the patient’s folder. Immediate access to information will also
   improve customer service and satisfaction. The project has a guaranteed payback from the
   vendor, in that we will not pay for the project until we have received a full payback from the
   investment. The payback period for all the capital associated with Code Green, of which the
   optical disk storage is a component, is 11 months.
Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

ROI - Code Green: (continued)

2. Enterprise Radiology Information System – Supplement  $380,000

This is supplemental funding for the Enterprise Radiology Information System upgrade project that was originally authorized in Fiscal Year 1999 for $1.2 million. At that time the Health System had three different Radiology Information Systems (RIS) at the Hospital of the University of Pennsylvania (HUP), Presbyterian Medical Center (PMC) and Pennsylvania Hospital (PAH) all of which required substantial investments to upgrade them for Year 2000 compliance. Rather than just upgrading these existing systems, management recommended the replacement of all three systems with a common system. It was originally assumed that all interfaces to the billing systems would be handled internally. At this time, however, management is requesting funding to complete the interfaces for HUP, PMC and PAH. The payback period for all the capital associated with Code Green, of which the interfaces for the Radiology Information System are a component, is 11 months.

ROI – Other:

1. Enterprise-Wide Financial System  $9,200,000

Currently there are disparate general ledger, accounts payable/materials management and payroll systems being utilized throughout the Health System. Purchasing this common system, which will include integrated general ledger, accounts payable/materials management and payroll/human resource systems, will allow for the integration of Finance staffing, with future (FY 2002) staff reductions being realized if the system is purchased and installed in FY 2001. This system is a major component of the Finance Redesign initiative and will assist in integrating information management across the enterprise by allowing access to general ledger, payroll, accounts payable, materials management and human resource information from a single data source. This fully integrated suite will provide for increased operational efficiency and will support decision-making processes. The payback period associated with all the capital outlays for the Finance Redesign initiatives, of which the Enterprise-wide Financial System is a component, is 1.8 years.

2. EPS Lab Renovation and Equipment at HUP  $7,171,000

In fall of 1998, Dr. Marchlinski and Associates were recruited. As part of their recruitment, a commitment to renovate and equip the EPS lab at HUP was undertaken. Since their recruitment, the procedure volume has been dramatically increasing. In order to accommodate the growth, one of the three existing cardiac catherization laboratories has been assigned to perform EP procedures on temporary basis. Further expansion is needed to allow the continued growth in EP as well as predecessor project to allow the expansion of cardiac catherization laboratories expected to be funded in FY2002. The consolidated inpatient EP and catherization laboratories contribution margin increased by 18% for six month ending 12/31/99 and by 22% for six month ending 6/30/99. The discounted payback for both the EPS lab project at HUP, assuming 6% discount rate, is 4.2 years.
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

ROI – Other: (continued)

3. Management Decision Support System $4,759,000
There currently is no common decision support system for the Health System. All financial analyses that are needed for managed care contracting, program and operational reviews, and return on investment analyses are performed through a long and tedious process of capturing pieces of information from disparate systems and consolidating them into a database or spreadsheet. A decision support system will be able to link our diverse systems and provide tools to perform financial analysis more seamlessly. This will help guide decision making by providing access to different courses of information, analytical functions, and reporting and presentation tools on a more timely basis. The payback period associated with all the capital outlays for the Finance Redesign initiatives, of which the Decision Support System is a component, is 1.8 years.

4. Expand Orthopedics Clinical Practice Suite at PMC $1,800,000
This funding is to expand the existing Orthopedics clinical practice suite and radiographic support capacity to accommodate increased orthopedic volume, including the volume generated by the relocated Hand and Spine surgeons. Orthopedic Hand surgeons moved to PMC to perform spine surgery. However, the existing suite does not have the capacity to meet current patient volume. The space will be renovated to provide additional exam rooms, rehab areas, and general support space. Since PMC does not have enough outpatient radiology capacity to meet its current volume, it is necessary to add an addition general radiographic room to meet both current and project volume growth from the expanded Orthopedic Surgery practice. The payback period associated with this project is 1.3 years.

5. CAT Scanner at PAH $1,700,000
This is to fund the replacement of an 18 year old CAT scanner. The increased capacity of the new scanner will allow for a 10% increase in outpatient volume allowing for a payback of the equipment in 2.9 years.

6. Cath Lab Renovation at PMC - Final Phase $1,500,000
In Fiscal Year 1999, $6.0 million was approved for Cardiac Catheterization Lab renovations at PMC. This funding was for the renovation and equipment to upgrade and expand the existing cardiac catheterization (Cath) and electrophysiology (EP) labs at PMC. At that time, the project was still in the planning stage to meet the recruitment commitments for Dr. Waxman and the AHERF cardiologists. Since the recruitment of Dr. Waxman, Dr. Marchlinski was recruited to the Health System. As part of the recruitment process it was necessary to commit to this expansion to accommodate the projected volume expansion. The original funding, together with this supplement, will allow the finalization of this project. The payback for the Cath Lab renovations at PMC is 3.3 years.
VI. Overview of Fiscal Year 2001 Health Services Capital Budget Assumptions

ROI – Other: (continued)

7. CT Simulator at HUP $1,300,000
   CT Simulation provides total flexibility in the localization, simulation, geometric planning and verification process. The equipment provides functions which are analogous to conventional X-ray simulation, but also provides high-precision tumor localization, radiotherapy treatment planning, calculation of the geometric center of a defined target and an efficient means for beam matching. The equipment will serve to greatly improve the Department’s throughput, and will serve to provide the Department with the capability to provide state of the art simulation services. The CT Simulator is a key component which will enable the Department to provide Conformal Radiotherapy which is currently offered at Thomas Jefferson, Fox Chase and many community-based radiotherapy centers. The payback period associated with this project is 2.2 years.

Other Capital

1. Other Ambulatory Care Building – Design Only $1,000,000
   The Health System is presently engaged in an early stage planning study of ambulatory care activity on the HUP Campus. Various previous studies have identified the need for a consolidated full service Ambulatory Care Center (ACC) incorporating diagnostic and treatment services, including diagnostic imaging, urgent care, cardiology and ambulatory surgery. Preliminary recommendations for the ACC are to combine the center with the proposed Comprehensive Cancer Center (CCC), in a phased development project to be located on the former Civic Center site. The CCC would be developed first, with the ACC following in a second phase. The CCC would be constructed to provide diagnostic and some treatment support for the later ACC. The $1.0 million dollars requested represents the funds necessary for the preliminary design of the combined facility during the next fiscal year. Additional funds would be necessary and would be requested prior to the commencement of construction.

Externally Funded

1. 1999 Antique Show – Otolaryngology Consultation Center $658,000
   The new Otolaryngology Consultation Center will make clinical use of an electronic system that will photographically record and digitally store the exact findings on a patient’s physical examination. This system will combine the latest endoscopic technologies, diagnostic techniques, and computer photoarchiving. The Consultation Center will allow the outside physician to communicate objective physical findings via telemedicine with a consulting physician at UPHS. Five (5) examination rooms at the University of Pennsylvania and two (2) examination rooms at Penn Medicine at Radnor will be equipped with a photoarchiving system with the endoscopic capacity. This initiative will substantially increase our Otolaryngology consultations and tertiary referrals for inpatient surgery, particularly in the treatment of chronic
sinusitis, an area where the Department has achieved special national and international prominence.

2. 2000 Antique Show – Geriatrics Program $650,000
The purpose of this funding for enhancing specialized geriatric services to the UPHS geriatric patient. The proposed funding within the Institute on Aging (IOA) that will contribute significantly to the UPHS’ goal of becoming a premier provider of geriatric clinical services in the Philadelphia region and to attract and accommodate an enlarged patient base. Our plan is to enhance the space available at the Ralston-Penn Center for the Geriatric Medicine Division’s practice and other Specialty practices, improve the space available for the Acute Care of Elders Unit as well as increase the number of services available to the elderly. The overall goal is to attract the geriatric population to the Health System by providing premier care and comprehensive services at one user-friendly site.

Action………..12. A Resolution Declaring Intent to Reimburse Capital Costs with Proceeds of Borrowings was approved as follows:

The Trustees of the University of Pennsylvania (the “University”) is undertaking various capital projects described in Exhibit A (the “Project”). The administration of the University recommends that the Trustees of the University declare the University’s intent to reimburse expenditures for the Project with proceeds of borrowings, including tax-exempt debt obligations.

RESOLVED, that the University hereby declares its intent under Treasury Regulation § 1.150-2 to use borrowings, including tax-exempt bonds, to finance the capital costs of the Project, together with costs of issuance and reasonably required reserves, subject to the following conditions:

1. The maximum principal amount of tax-exempt bonds expected to be issued to finance the Project is $200,000,000.

2. Pending issuance of the tax-exempt bonds, the University may finance the Project with other funds which will be reimbursed with the proceeds of the tax-exempt bonds, provided that (a) the tax-exempt bonds shall not be used to reimburse any expenditure paid more than 60 days prior to the present date; (b) the tax-exempt bonds shall not be issued more than 18 months after the later of (i) the date of the first expenditure to be reimbursed with the proceeds of the tax-exempt bonds, or (ii) the date the Project is placed in service; and (c) in no event may the tax-exempt bonds be issued more than three years after the date of the first expenditure to be reimbursed with the proceeds of the tax-exempt bonds; and provided further that the limitations of this paragraph 2 shall not apply to qualified "preliminary expenditures" as permitted by Treasury Regulation § 1.150-2(f).
3. Issuance of the tax-exempt bonds shall be subject to documentation acceptable to the University providing for the tax-exempt bonds to be payable from the payments by the University.

6/16/00 – #12

EXHIBIT A

Project Description

The Project consists of construction, renovations, improvements and equipment acquisitions at the University’s facilities in the Commonwealth of Pennsylvania, including the campus of the University in the City of Philadelphia, the boundaries of which are 41st Street on the West, 31st Street on the East, Chestnut Street on the North and Civic Center Boulevard on the South, during fiscal years 2000 through 2004. The Project facilities will be used by the University in its activities as an independent, nonprofit institution of higher learning.

Specific Projects that may be financed include, but is not limited to the following:

- Huntsman Hall
- Quadrangle College House Renovation
- Civic Center Development
- Schattner Center
- Levine Hall
- Civic Center Environmental Remediation
- Johnson Pavilion
- Mainwaring Storage Facility Addition
- GSE Building Renovations
- Silverman Hall
- GE Renovation
- Mod VII - Chiller
- Skinner Hall Renovations
- College Hall Renovation
- Perelman Quad
- Tandem Building
- Penn Children's Center
- Steinberg Conference Center
- Garage/Classrooms
- Sansom Place Façade Restoration
- OEHRS Relocation
- Evans Phase II Master Plan Pediatrics
- Evans Phase I Infrastructure Renovations
- Hajoca Building Redevelopment
- Eastern Apparatus Building Redevelopment
Background on Resolution Declaring Intent to Reimburse Capital Costs with Proceeds of Borrowings

The University’s lowest cost and most favorable source of capital is tax-exempt financing. The IRS has promulgated specific rules and procedures to enable eligible capital projects to secure tax-exempt financing. One of the basic principles of tax-exempt financing is that the proceeds are traced to the expenditure of specifically identified assets. The IRS further requires that if an issuer wishes to borrow for expenditures prior to a tax-exempt borrowing, the governing board of such issuer declare its intent to borrow at the time of the expenditure. The benefit of declaring intent to borrow is that should the University secure external financing for any capital projects, the University could reimburse itself for these expenditures and use the proceeds immediately upon their delivery. The reimbursement resolution does not commit or authorize any borrowing by the University.

While there are no specific plans to borrow in the future, the resolution preserves the flexibility to borrow for eligible capital projects for which expenditure is made prior to the issuance of any long-term debt. If long-term borrowing plans were developed in the future, the Budget and Finance Committee and Board of Trustees would need to approve such plans. This resolution solely creates flexibility as to which projects might ultimately be selected for financing.

The financial management of the University recommends that the reimbursement resolution be adopted and a similar resolution be adopted each June when the capital plan is presented to the Budget & Finance Committee.

Action........13. A Resolution Authorizing Transfer of Stock in Franklin Physician Services, Inc. to University City Associates, Inc.

Franklin Physician Services, Inc. is a for-profit corporation (operating as part of the University of Pennsylvania Health System), all of the stock of which is owned by the Trustees. In order to effectuate a merger of Franklin Physician Services, Inc. with Penn Tower Hotel, Inc., the Trustees will transfer all of the stock of Franklin Physician Services, Inc. to University City Associates, Inc., the sole shareholder of Penn Tower Hotel, Inc. Franklin Physician Services, Inc. and Penn Tower Hotel, Inc., as two wholly-owned subsidiaries of University City Associates, Inc., will then merge, forming one combined business corporation owned by University City Associates, Inc.

RESOLVED, that The Trustees of the University of Pennsylvania, the sole shareholder of Franklin Physician Services, Inc., hereby contributes all of its rights, title and interest in and to all of the issued and outstanding shares of the common stock of Franklin Physician Services, Inc. to University City Associates, Inc.
D. Development Committee—Mr. Michael Tarnopol

Mr. Tarnopol reported that fundraising is on track to meet Penn’s goal of $300 million for the fiscal year. As of May 31, 2000, gifts and pledges totaled $262 million and receipts totaled $235 million, which is 14 percent ahead of last year’s record-setting pace. Fundraising for the Agenda for Excellence currently stands at $704 million, which reflects significant progress in building support, the University’s priorities, including financial aid, college houses, faculty chairs, and academic programs and facilities. The most recent Development Committee meeting featured a look forward at fundraising goals, Fiscal Year 2001, and a special presentation by School of Engineering and Applied Science’s (SEAS) Dean Eduardo Glandt on his school’s strategic academic and fundraising priorities. On behalf of the Development committee, Mr. Tarnopol thanked the trustees for their support and assistance.

E. External Affairs—Judge Marjorie Rendell

Judge Rendell reported that, at their most recent meeting, the External Affairs Committee focused on two agenda items: communication and legislative issues associated with the continuing debate over gene therapy and the committee’s annual report on WXPN-FM.

At the time of the committee’s winter meeting, there had been a senate hearing on gene therapy conducted by Senator Bill Frist, a physician who is the chairman of the Senate’s Subcommittee on Public Health. The Institute for Human Gene Therapy (IHGT) had submitted its response to the Food and Drug Administration’s (FDA) inspectional observations, as well as to the news media, and the internal committee on research using human subjects, chaired by Provost Robert Barchi, and the independent panel specific to the IHGT, chaired by Dr. William Danforth, were both at work. Since that time, the IHGT has had another exchange with the FDA. The Provost’s committee has made interim recommendations, the Danforth committee has submitted its report, and Senator Frist has held yet another hearing. While no one would suggest that the issue is behind it, the University is clearly making progress, specifically with the release of the Danforth committee report and the University’s response. At its committee meeting, the committee learned from Mr. Stephen Schutt (Vice President and Chief of Staff), Mr. Kenneth Wildes (Director of University Relations) and Ms. Carol Scheman (Vice President for Government, Community and Public Affairs), who have been principal architects of the University’s communications strategies over the past five months, of exactly what the University has been doing. Mr. Schutt has been holding weekly meetings to plan strategy and consider how the University responds to the varied and many issues associated with gene therapy and the University’s public posture. The group at the table has included representatives from many of the offices in the University, as well as its strategic communications consultants, Robinson Lerer & Montgomery in New York. The cooperative approach, this proactive approach, has been very, very important in this task. The approach to dissemination of the Danforth committee report and the University’s response was to work aggressively with the 9 news organizations that had committed time and energies to this storyline for months. It was the view, then and now, that time spent with those reporters would result in balanced coverage, in which all other coverage, including broadcast coverage, would be based. The University believes the strategy was prudent,
both in theory and in practice. The University also has been very open with the members of Congress. The University has been in contact with the House Committee on Commerce Subcommittee on Oversight and Investigations and has supplied the committee with documents. However, a hearing that was scheduled for June 29 has been postponed or, perhaps, cancelled. The House Committee on Commerce is chaired by Representative Tom Bliley (VA) and Representative John Dingell (MI—as the ranking member). Additionally, Ms. Scheman reported on the Association of American Universities’ Task Force on Research Accountability and the various initiatives proposed by the Department of Health and Human Services. Ms. Scheman also provided the committee members with an extensive document prepared by the Office of the Vice President for Government, Community and Public Affairs that provided them with many details regarding city, state and federal issues.

The committee also focused on the WXPN-FM report. The committee has been very impressed with how well the station has been performing under the leadership of Vincent Curren (General Manager, WXPN-FM) over the last 4 years. Over the last 4 years, WXPN-FM has been the non-commercial station of the year in each of those years and listenership is up. The station’s leadership, specifically including Mr. Curren, is heavily involved in the leadership of public radio on a national level. WXPN-FM reported an operating surplus in each of those 4 years and now operates on budget in excess of $4 million, all of that amount raised by the station. Also, it has increasingly been providing students with opportunities, and the External Affairs Committee has encouraged this. The committee had the pleasure of meeting with some of the students during its meeting. At the end of the meeting, the committee also engaged in brief discussions of the implications of the visit of the Republican National Convention to Philadelphia and, specifically, Penn’s campus.

F. Facilities and Campus Planning—Mr. Leonard Shapiro

Mr. Shapiro reported that the Facilities and Campus Planning Committee reviewed the architectural plans for Levine Hall, which it believes will be a dramatic and significant enhancement to SEAS’s facilities. The committee also reviewed a survey produced by the Office of the Vice President for Facilities Services of all University buildings relative to conditions and their respective maintenance requirements. The survey was highly analytical and resulted in a detailed estimate of deferred maintenance on a building-by-building basis, which will allow the administration to properly develop a projection for capital requirements for these needs, although these needs tend to regenerate from time-to-time and may be an indefinite requirement. The importance of the review highlights that the capital process takes appropriate recognition of the requirements for capital in this area. Lastly, the committee reviewed a new Pennsylvania law that requires additional life safety in residential structures, which includes sprinkling and other improvements within a defined period of time, and how the University will respond to those requirements.

G. Neighborhood Initiatives—Mr. Gilbert Casellas
The committee received a progress report on a few of the many successful and innovative initiatives in West Philadelphia.

Mr. Stephen Schutt reported on the great progress being made toward building and opening the Penn-assisted K-8 neighborhood public school. In particular, the Philadelphia School Board Facilities Committee has approved Penn’s design plan, which provides for three community space areas, including a combined gym and auditorium. By adopting a tighter structure, the designers were able to stay within the School Board’s budget. Mr. Tom Lussenhop, the Managing Director of Real Estate, also provided details of the new design. The committee was briefed on the active discussions that are proceeding both on the determination of the catchment area for the Penn-assisted school and on the acquisition of property at 38th and Market Streets to build a new Carver High School for Engineering and Science.

Mr. Schutt and Mr. Lussenhop also furnished updates on the status of other economic development projects, particularly on 40th Street, which are successfully helping to create a vibrant, market-based environment in and around campus. In particular, the committee heard about the construction of: the Sundance Cinema and a food market complex with an 800-car garage that is moving forward with an anticipated late autumn opening. The conversion of the GE building at 31st and Walnut Streets into upscale rental apartments and an office retail complex was formally launched this week, with a ceremonial ground breaking that received extensive media coverage.

The University City District continues to enhance the quality of life in West Philadelphia, while serving as a catalyst for attracting private investment. Ms. Carol Scheman then provided updates on the White House Livable Communities Initiative in which Penn is working with several federal agencies to direct resources to community-driven efforts. All in all, great progress continues and the committee remains very enthusiastic and supportive of the hard work being done by President Rodin and her excellent team.

H. Student Life—Mrs. Susan Catherwood

Mrs. Catherwood reported that the committee had an informative session that included a review of the recommendations made by the Locust Walk Advisory Committee and an update on Perelman Quadrangle.

Last winter, Provost Bob Barchi convened an advisory committee that was specifically charged to make recommendations regarding the use of a number of buildings on Locust Walk that were in transition. In response to a number of requests for space from the schools, from academic departments, and from student organizations, the committee made the following recommendations, which were subsequently accepted by President Rodin. Provost Barchi reported that the former Christian Association building will provide program space for a number of cultural organizations and will also contain a new undergraduate research hub, fellowship office and a student performing arts hub. The first and second floors of the Veranda, at 3615 Locust Walk, will house Penn’s new Graduate and Professional Student Center. The ground floor of the Veranda will also house shared program, worship, and meeting space for campus
student religions. As previously announced, 3619 Locust Walk (the former FIJI house) will house SAS Centers, primarily the Humanities Forum and the NeNeil Center for Early American Studies. And, over the long term, after College Hall construction is completed, there are plans to relocate the Office of the Vice Provost for University Life (VPUL), presently housed at 3609-11 Locust Walk. The committee recommended that this space be dedicated for future use as a sorority, ensuring that the Greek presence remains a vital and vibrant part of the Locust Walk mix.

At issue for discussion in our meeting was the question of how the administration should approach the next set of space requests from cultural and religious groups on campus and conceded that it will be virtually impossible to accommodate all of the growing number of organizations and space needs. We also concluded that the growth in student diversity on campus, and, thus, in the diversity of campus student organizations, is an issue larger than just at Penn. Challenges in balancing nurturing support for discrete cohorts of students while promoting "one" Penn community are the challenges also of the nation, and the world, and the new century. The committee decided to revisit this important topic during the its next meeting.

The committee also was briefed by the VPUL and Business Services team on the near-future completion of Perelman Quadrangle and on aspects of the grand opening, ongoing programming, and retail opportunities of these core campus union treasures (which will be fully operational in the fall).
I. Investment Report—Mr. Christopher Browne

For the first nine months of the Fiscal Year, the associated endowment fund underperformed its benchmark with a negative return of 1.4 percent versus a gain of 7.3 percent. This under-performance resulted largely from the domestic equity portfolios value bias and lack of exposure to technology, media and telecommunications. During April and May, value stocks outperformed growth stocks, and, as a result, Penn’s domestic equity portfolio performed well on a relative basis, with a decline of .1 percent compared to a decline of 8.5 percent for the benchmark. Penn’s actively-managed satellite portfolio was up 4.3 percent over the same period. For the Fiscal Year to-date, the 11 months of the Fiscal Year ending May 31, the AIF (Associated Investments Fund) is still underperforming its benchmark, with a decline of 3.1 percent versus a gain of 1.1 percent. However, the degree of under performance at 420 basis points has narrowed considerably since that of the first 9 months when the under-performance was 870 basis points. The AIF’s diversifying assets, consisting of absolute-return and high-yield investments, have performed well over the Fiscal Year. Absolute return investments have produced a 13.9 percent return, compared to a benchmark gain of 9.8 percent. High yield produced a modest return of .9 percent, but is outperforming its benchmark, which declined 3.6 percent. Among excess return assets, the AIF’s investment in emerging markets equity produced a 20 percent return, significantly beating its benchmark, which was up by 5.8 percent. In addition, Penn continues to make good progress building its private equity portfolio. During the Fiscal Year, the University has made investments in such groups as Kleiner-Perkins, Benchmark Partners, Excel Partners, Weston Presidio Capital, Sierra Ventures and a fund-of-funds, managed by Horsely-Bridge Partners. The process of diversifying the portfolio is ongoing.

J. Alumni Report—Mrs. Elsie Sterling Howard

Mrs. Howard, on behalf of the University of Pennsylvania Alumni Society (UPAS), was pleased to report on the recipients of the Alumni Award of Merit for the year 2000: Carol Einiger, John Harkins, Stephen Heyman, Susan Taylor, Myles Tanenbaum, and Arthur Saxon. The Alumni Society is also proud to announce that it will present two Student Awards of Merit on Ivy Day 2000 to the following recipients: Felice Chay, Jonathan Herrmann, Mark Malmros, Michael Silver, Wai Ken Sin and Caroline Strzalka. Mrs. Howard then announced the nomination of three new Alumni Trustees, to become effective on January 1, 2001: Laurence Hirsch, representing the Southern region, Warren Lieberfarb, representing the Western region; and Sylvia Miller Rhone, representing the Metropolitan New York region.

Alumni Weekend was a huge success, with record-breaking attendance and fundraising by several alumni classes, including the Class of 2000. UPAS bylaws are currently under review and expect to be passed at the UPAS Homecoming Board Meeting. The UPAS Executive Committee is working on a benchmarking study analyzing the alumni programs of Penn’s peer institutions. The Alumni Council on Admissions Advisory Board is in the midst of a study of the Office of the Alumni Council of Admissions. Also, PennCares, the Alumni Society group for community and civic involvement, was celebrated by 16 Alumni clubs throughout the country.
Finally, it was Mrs. Howard’s honor to announce the election of her successor as the President of the University of Pennsylvania Alumni Society, Mr. Leonard Shapiro. The Alumni Society is very enthusiastic about Mr. Shapiro’s assumption of leadership and have great faith in his abilities. Mrs. Howard is grateful for the honor of having served as President of the Alumni Society and thanked everyone for their support and friendship.

V. Appointments to Overseer and Other Boards—Mr. James Riepe

Mr. Riepe presented the following resolutions for approval by the Trustees.

Action........1. A Resolution on the Appointments of Mollie D. Slattery and Lynn H. Yeakel to the Board of Advisors of the Annenberg Center for the Performing Arts was approved as follows:

RESOLVED, that Mollie D. Slattery and Lynn H. Yeakel be appointed to the Board of Advisors of the Annenberg Center for the Performing Arts for three-year terms, effective June 16, 2000.

Mrs. Mollie D. Slattery graduated from the University of Pennsylvania College for Women in 1963 and received her Masters of Business Administration in Finance from Wharton in 1978. She owns a film production company, GUR, Inc., which signed a contract with Disney Studios to produce a film in 1992. Mrs. Slattery was the Executive Producer of that feature film titled Growing Up Rich. Formerly, she served as a Partner in Tenly Enterprises, Inc., Vice President of Marketing for Woods Asset Management, and a Marketing Manager for the former John Wanamaker’s Customer Financial Services. Mrs. Slattery is a former member of the School of Nursing Board of Overseers as well as the Friends of Penn Nursing Committee. She currently is an advisor and member of the Wharton Export Center.

Mrs. Lynn Yeakel is the Director of the United States Department of Health and Human Services, Region III. She received her BA cum laude from Randolph-Macon Women’s College in Lynchburg, VA in 1963. Later, Mrs. Yeakel became an Options Counselor at the Junior League of Philadelphia for women considering abortion (then illegal), which evolved into an agency called Choice. She then chaired the Choice Board from 1975 until 1977. She became President of the Junior League of Philadelphia in 1978 and in 1980 Executive Director of Women’s Way. Mrs. Yeakel was Incorporator and Board Co-Chair of the Citizens’ Coalition for Energy Efficiency from 1980-1984; Co-Chair of the 21st Century League from 1989-1992; and Co-Chair of the Citizens’ Assembly, a project of the Greater Philadelphia Urban Affairs Coalition from 1990-1991. Mrs. Yeakel won the Democratic Senate primary in Pennsylvania in 1992, defeating former Lieutenant Governor Mark Singel, but narrowly lost to Senator Arlen Specter in the general election. She is a trustee of the Bryn Mawr Presbyterian Church and of the City of Philadelphia Board of Health, and is an advisor of the Social Principals Fund. Mrs. Yeakel also serves as a director of the National Committee for Responsible Philanthropy,

**Action**........2. A Resolution on the Appointment of David M. Silfen to the Board of Overseers of the School of Arts and Sciences was approved as follows:

**RESOLVED**, that David M. Silfen be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective June 16, 2000.

David M. Silfen (C’66) is Senior Director of the Goldman Sachs Group, a New York-based investment firm. Mr. Silfen also is a Senior Advisor and Limited Partner of Maveron Equity Partners, LP, a Seattle-based venture capital firm. He is a member of the Smithsonian Institution National Board, a Commissioner of the National Museum of American Art, and a Trustee of the Riverdale Country School.

At Penn, Mr. Silfen is a term trustee, and previously served on the School of Arts and Sciences' Board of Overseers from 1991 to 1998. Mr. Silfen holds an MBA from Columbia University's Graduate School of Business.

**Action**........3. A Resolution on the Appointments of Sara Spedden Senior, Annette Merle-Smith and Charles K. Williams, II, Ph.D., as Overseers Emeriti of the Board of Overseers of the University of Pennsylvania Museum of Archeology and Anthropology was approved as follows:


Mrs. Annette Merle-Smith, a 1954 graduate of Bennington College, is secretary of the Docent Association at the Princeton University Art Museum. She also serves on the boards of The Parkinson's Institute in Sunnyvale, California and the Constitution Hill Association Marquand Park Foundation in Princeton, New Jersey.

Mrs. Sara Senior graduated from the University of Pennsylvania College for Women in 1952. She serves on the boards of Dunwoody Home in Newtown Square, and of Saunders House, a long-term health facility, and on the Lankenau Hospital Foundation. She also is President of the Mohonk Preserve, a private land preserve in Mohonk, New Paltz, N.Y. A former President of the University of Pennsylvania General Alumni Society, she served on the Board of Overseers for the School of Arts and Sciences from 1979 to 1984 and as an Alumni Trustee of the University from 1989-1993. Mrs. Senior also served as Chair of the Board of Overseers of the University of Pennsylvania Museum of Archaeology and Anthropology from 1996 to 1999.
Dr. Charles K. Williams, II graduated with honors from Princeton University in 1953 and earned an M.F.A. in Architecture in 1956. He received a Ph.D. in Classical Archaeology from the University of Pennsylvania in 1978 and also was awarded an Honorary Doctor of Humane Letters in 1997. In addition, Dr. Williams was awarded an Honorary Doctor of Humanities from Lafayette College in 1979. Dr. Williams was field director of the Corinth Excavations of the American School of Classical Studies at Athens, and has recently relocated to Philadelphia. He is co-author of The Temple of Zeus at Nemea (1969) and numerous articles in professional journals. He was awarded the 1993 Gold Medal of the American Institute of Archaeology for his significant achievements in the field. He is a trustee of the University of Pennsylvania, of the American Academy in Rome and of the American School of Classical Studies at Athens.

Action…………4. A Resolution for Approval of the Membership of the Trustee Board of the Clinical Care Associates of the University of Pennsylvania Health System was approved as follows:

WHEREAS, Section 4.02 of the Clinical Care Associates of the University of Pennsylvania Health System (“CCA”) Bylaws provides for review and approval of the membership of the Trustee Board of CCA by the Health System Executive Committee and the University of Pennsylvania Board of Trustees;

RESOLVED, that the Board of Trustees of the University of Pennsylvania approves the membership of the Trustee Board of Clinical Care Associates of the University of Pennsylvania Health System consisting of the following members:

Ronald B. Barg, M.D.
Peter L. DeAngelis, Jr. (Ex-officio)
Joel W. Eisner, M.D.
I. William Ferniany, PhD. (Ex-officio)
David E. Longnecker, M.D. (Ex-officio)
Kevin B. Mahoney (Ex-officio)
Robert D. Martin, PhD. (Ex-officio)
Anthony S. Minisi, Esq.
Peter G. Traber, M.D. (Ex-officio)

Mr. Riepe thanked and wished the departing trustees the very best. The University hopes that their affection for Penn will ensure their continued involvement and also ensure that we continue to benefit from their energy and their council.

There being no further business before the board, the meeting was adjourned at 3:30 p.m.

Respectfully submitted,
Rosemary McManus
Secretary of the University